

Status: Point in time view as at 31/12/2006. This version of this schedule contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1997, SCHEDULE 3. (See end of Document for details)

SCHEDULES

SCHEDULE 3

Section 23.

INSURANCE COMPANIES AND FRIENDLY SOCIETIES

Section 76 of the Taxes Act 1988

F11

Textual Amendments

F1 Sch. 3 para. 1 repealed (22.7.2004) (with effect in accordance with s. 42 of the amending Act) by Finance Act 2004 (c. 12), Sch. 42 Pt. 2(3)

Section 432E of the Taxes Act 1988

- 2 (1) In section 432E of the Taxes Act 1988 (section 432B apportionment: participating funds) paragraph (b) of subsection (6) (which provides for the adjustment of the net amount referable to overseas life assurance business) shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 2nd July 1997.

Section 434 of the Taxes Act 1988

- 3 (1) Section 434 of the Taxes Act 1988 (franked investment income etc) shall be amended as follows.
- (2) For subsection (1) (nothing in section 208 prevents franked investment income or foreign income dividends from being taken into account in computations made for the purposes of section 89(7) of the ^{M1}Finance Act 1989 or section 76(2)) there shall be substituted—
- “(1) Section 208 shall not apply in relation to—
- (a) the charge to corporation tax on the life assurance profits of an insurance company computed in accordance with the provisions of this Act applicable to Case I of Schedule D; or
 - (b) any computation of such profits in accordance with those provisions.
- (1A) Paragraph 2 of Schedule F shall not have effect for the purposes of subsection (1)(a) or (b) above, but this subsection shall not apply in relation to distributions in respect of which an insurance company is entitled to a tax credit under section 441A.
- (1B) The reference in subsection (1) above to the life assurance profits of an insurance company is a reference to the profits of the company—
- (a) in respect of its life assurance business; or

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(b) in respect of any category of life assurance business which it carries on.”

F2(3)

F2(4)

(5) Sub-paragraph (2) above has effect in relation to distributions made on or after 2nd July 1997.

F2(6)

F2(7)

(8) In determining, for the purposes of any claim under section 242 of the Taxes Act 1988 made by virtue of section 434(3) of that Act for an accounting period beginning before 2nd July 1997 and ending on or after that date, the policy holders’ share of the franked investment income from investments held in connection with an insurance company’s life assurance business, there shall be left out of account any distributions which are made on or after 2nd July 1997.

(9) Any amount which, by virtue of sub-paragraph (8) above, is treated as a surplus of franked investment income for the purposes of any such claim as is mentioned in that sub-paragraph shall be disregarded for the purposes of section 20(4) of this Act.

Textual Amendments

F2 Sch. 3 para. 3(3)(4)(6)(7) repealed (31.7.1998 with effect as mentioned in Sch. 27 Pt. III(2) of the amending Act) by 1998 c. 36, s. 165, Sch. 3, Sch. 27 Pt. III(2) Note

Marginal Citations

M1 1989 c. 26.

Section 434A of the Taxes Act 1988

4 (1) In section 434A of the Taxes Act 1988 (computation of losses and limitation on relief) subsection (1) (which falls as a result of new section 434(1) to (1B)) shall cease to have effect.

(2) This paragraph has effect for accounting periods beginning on or after 2nd July 1997.

PROSPECTIVE

Section 436 of the Taxes Act 1988

5 (1) In section 436 of the Taxes Act 1988 (pension business: separate charge on profits) in subsection (3), paragraphs (d) and (e) (which make provision, for the purposes of the computation of profits arising from pension business, for group income and non-qualifying distributions to be left out of account) shall cease to have effect.

(2) This paragraph has effect in relation to distributions made on or after 2nd July 1997.

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Section 438 of the Taxes Act 1988

- 6 (1) Section 438 of the Taxes Act 1988 (pension business: exemption from tax) shall be amended as follows.
- (2) Subsections (3) and (3AA) (which fall as a result of new section 434(1) to (1B)) shall cease to have effect.
- (3) For subsection (4) (which makes provision in relation to the payment of tax credits) there shall be substituted—
- “(4) This section shall be disregarded in determining, in relation to an insurance company which is entitled to a tax credit in respect of a distribution, whether the condition in paragraph (a) or (b) of section 231(2) is satisfied.”
- (4) Subsection (5) (which falls with the substitution of subsection (4)) shall cease to have effect.
- (5) Subsections (6) to (7) (which fall with the repeal of subsections (3), (3AA) and (5) and the substitution of subsection (4)) shall cease to have effect.
- (6) Subsection (9) (which falls with the repeal of subsections (6), (6B) and (6E) and the repeal of section 440B(2)) shall cease to have effect.
- (7) Sub-paragraphs (2) to (4) above have effect in relation to distributions made on or after 2nd July 1997.
- (8) Sub-paragraphs (5) and (6) above have effect for accounting periods beginning on or after 2nd July 1997.
- (9) In determining, for the purposes of subsections (6) to (7) of section 438 of the Taxes Act 1988, the franked investment income of, or foreign income dividends arising to, an insurance company for an accounting period beginning before 2nd July 1997 and ending on or after that date, there shall be left out of account any distributions which are made on or after 2nd July 1997.

Section 439B of the Taxes Act 1988

- 7 (1) In section 439B of the Taxes Act 1988 (life reinsurance business: separate charge on profits) subsection (7) (which falls as a result of new section 434(1) to (1B)) shall cease to have effect.
- (2) This paragraph has effect in relation to distributions made on or after 2nd July 1997.

Section 440B of the Taxes Act 1988

- 8 (1) Section 440B of the Taxes Act 1988 (modifications where tax charged under Case I of Schedule D) shall be amended as follows.
- (2) Subsection (1A) (which falls as a result of new section 434(1) to (1B)) shall cease to have effect.
- (3) Subsection (2) (which falls with the repeal of section 438(6), (6B) and (6E)) shall cease to have effect.
- (4) Sub-paragraph (2) above has effect in relation to distributions made on or after 2nd July 1997.

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(5) Sub-paragraph (3) above has effect for accounting periods beginning on or after 2nd July 1997.

PROSPECTIVE

Section 441A of the Taxes Act 1988

F39

Textual Amendments

F3 Sch. 3 para. 9 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

F4F4F4F4F5F5F5F5 Schedule 19AB to the Taxes Act 1988^{F6F6}

Textual Amendments

- F4** Sch. 3 para. 11 repealed (11.5.2001 with effect in accordance with s. 87 of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(12)
- F5** Sch. 3 para. 12 repealed (11.5.2001 with effect as mentioned in the note to Sch. 33 Pt. 2(12) of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(12)
- F6** Sch. 3 para. 10 repealed (11.5.2001 with effect in accordance with s. 87 of the amending Act) by 2001 c. 9, s. 110, Sch. 33 Pt. 2(12)

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Schedule 19AC to the Taxes Act 1988

F713

Textual Amendments

F7 Sch. 3 para. 13 repealed (31.12.2006) (with effect in accordance with reg. 1 of the amending S.I.) by The Overseas Life Insurance Companies Regulations 2006 (S.I. 2006/3271), reg. 1, Sch. Pt. 1

Section 89 of the Finance Act 1989

14 (1) Section 89 of the ^{M2}Finance Act 1989 (policy holders' share of profits) shall be amended as follows.

- (2) In subsection (2)—
 - (a) paragraph (a) (which provides for Case I profits to be reduced by unrelieved franked investment income in respect of which an election under section 438(6) has been made) shall cease to have effect;

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- (b) in paragraph (b) (which provides for Case I profits to be reduced by the shareholders' share of any other unrelieved franked investment income from investments held in connection with life assurance business)—
 - (i) the words “other unrelieved” shall cease to have effect; and
 - (ii) for “from investments held in connection with the company's life assurance business” there shall be substituted “ which is referable to the company's basic life assurance and general annuity business ”; and
 - (c) in paragraph (c) (which provides for Case I profits to be reduced by the shareholders' share of foreign income dividends in respect of such investments) for “in respect of investments held in connection with the company's life assurance business” there shall be substituted “ which are referable to the company's basic life assurance and general annuity business ”.
- (3) Subsection (8) (meaning of “unrelieved” franked investment income) shall cease to have effect.
- (4) This paragraph has effect in relation to distributions made on or after 2nd July 1997.

Marginal Citations

M2 1989 c. 26.

Section 65 of the Finance (No.2) Act 1992

- 15 In section 65 of the ^{M3}Finance (No.2) Act 1992 (life assurance business: I minus E) in subsection (2) (meaning of relevant provisions) before paragraph (a) there shall be inserted—
- “(aa) section 434(1) and (1A) of the Taxes Act 1988 (section 208 not to apply in relation to life assurance profits computed in accordance with Case I of Schedule D etc);
 - (ab) section 434(1C) and (1D) of the Taxes Act 1988 (which makes corresponding provision in relation to overseas life insurance companies and is notionally inserted by paragraph 9(1) of Schedule 19AC to that Act);”.

Marginal Citations

M3 1992 c. 48.

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