

Status: Point in time view as at 19/07/2007.

Changes to legislation: Finance Act 2003, Paragraph 13 is up to date with all changes known to be in force on or before 07 July 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 33

INSURANCE COMPANIES

Rate of tax on policy holders' share of life assurance profits

- 13 (1) The Finance Act 1989 is amended as follows.
- (2) In section 88(1) (corporation tax rate on policy holders' share of relevant profits of companies carrying on life assurance business to be basic rate of income tax)—
- (a) omit “and section 88A”, and
 - (b) for “basic” substitute “ lower ”.
- (3) Omit section 88A (cases where tax rate already is lower rate).
- (4) In section 89(1) (meaning of “policy holders' share of profits”)—
- (a) for “sections 88 and 88A” substitute “ section 88 ”, and
 - (b) omit “or, as the case may be, basic life assurance and general annuity business”.
- (5) The Taxes Act 1988 is amended as follows.
- (6) In section 438B(5) (income or gains arising from property investment LLP)—
- (a) omit paragraph (b) and the word “and” before it, and
 - ^{F1}(b)
- (7) Section 755A (controlled foreign companies: chargeable profits and creditable tax apportioned to company carrying on life assurance business) is amended as follows.
- (8) In subsection (3), for “88A(1)” substitute “ 88(1) ”.
- (9) For subsection (11) substitute—
- “(11) For the purposes of this section the policy holders' part of any BLAGAB apportioned profit is—
- (a) where subsection (11A) below applies, the whole of that profit, and
 - (b) in any other case, the relevant fraction (within the meaning of subsection (11B) below) of that profit.
- (11A) This subsection applies if—
- (a) the UK company's life assurance business is mutual business,
 - (b) the policy holders' share of the UK company's relevant profits for the relevant accounting period is equal to all those profits, or
 - (c) the policy holders' share of the UK company's relevant profits for the relevant accounting period is more than its BLAGAB profits for that period.

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(11B) The relevant fraction for the purposes of subsection (11)(b) above is the fraction arrived at by dividing—

- (a) the policy holders' share of the UK company's relevant profits for the relevant accounting period, by
- (b) the UK company's BLAGAB profits for that period.

(11C) In subsections (11A) and (11B) above—

- (a) references to the policy holders' share of the UK company's share of the relevant profits are to be construed in accordance with sections 88(3) and 89 of the Finance Act 1989, and
- (b) references to the UK company's BLAGAB profits are to be construed in accordance with section 89(1B) of that Act."

^{F2}(10)

(11) This paragraph has effect for the financial year 2003 and subsequent financial years.

Textual Amendments

F1 Sch. 33 para. 13(6)(b) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)

F2 Sch. 33 para. 13(10) repealed (with effect in accordance with s. 37 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(1\)](#)

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