



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 8C

RESTITUTION INTEREST

CHAPTER 1

AMOUNTS TAXED AS RESTITUTION INTEREST]

[^{F1}357YDA] **Life insurance companies: amounts representing policyholder income**

- (1) This section applies if—
 - (a) an amount of interest paid or payable by the Commissioners for Her Majesty's Revenue and Customs would (but for this section) be restitution interest arising to a company, and
 - (b) were this Part not to have effect, that amount would be taken into account under section 73 of FA 2012 (the I-E basis) as income chargeable for an accounting period of the company that is referable to its basic life assurance and general annuity business.
- (2) So much (if any) of the amount as represents policyholder income is to be treated for the purposes of this Part as if it were not restitution interest.
- (3) To determine how much (if any) of the amount mentioned in subsection (1) (amount "A") represents policyholder income, take the following steps—

Step 1

- (a) Take so much of amount A as consists of non-ACT interest ("the non-ACT amount").
- (b) Determine how much (in total) of the non-ACT amount is to be assigned to with-profits funds (one or more) of the company.

Call this total amount "P".

Changes to legislation: *Corporation Tax Act 2010, Section 357YDA is up to date with all changes known to be in force on or before 21 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) View outstanding changes*

In this step “non-ACT interest” means interest which is not interest in respect of advance corporation tax.

Step 2

Determine how much of P is to be assigned to each of the with-profits funds concerned.

This is the “assignable amount” in the case of each fund.

Step 3

In the case of each fund mentioned in step 2, determine in what proportions profits of the fund concerned are to be divided between policyholders and shareholders under the distribution policy for the fund.

Step 4

Express the policyholders’ proportion (as determined under step 3) as a percentage of the whole.

This is the “policyholder percentage” for the fund.

Step 5

Multiply each assignable amount by the policyholder percentage for the fund in question.

The result is the “policyholder amount” in the case of each fund.

Step 6

Amount A “represents policyholder income” so far as it does not exceed the total policyholder amounts found under step 5.

- (4) For the purposes of subsection (3) “the distribution policy for the fund” means the basis on which the company has decided profits of the fund are to be divided between policyholders and shareholders.
- (5) The distribution policy for a with-profits fund is to be determined as at the time when the interest arises, and with particular reference to—
- (a) any relevant information in the company’s articles of association, and
 - (b) any relevant information or document published by the company in connection with obligations under the FCA Handbook.
- (6) In this section—
- “the FCA Handbook” means the Handbook made by the Financial Conduct Authority under the Financial Services and Markets Act 2000, and
- “interest” has the same meaning as in section 357YC.]

Textual Amendments

- F1** S. 357YDA inserted (with effect in accordance with reg. 2 of the amending S.I.) by [The Corporation Tax Act 2010 \(Part 8C\) \(Amendment\) Regulations 2017 \(S.I. 2017/364\)](#), regs. 1, 8

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 357CHA omitted by [2024 c. 3 Sch. 2 para. 14\(7\)](#)
- s. 658(1)(d)(e) inserted by [2010 c. 13 Sch. 6 para. 31](#) (This amendment not applied to [legislation.gov.uk](#). Sch. 6 para. 31 omitted (retrospective to 6.4.2010) by virtue of Finance Act 2012 (c. 14), s. 52(2) (3))