



# Finance Act 2012

## 2012 CHAPTER 14

### PART 2

#### INSURANCE COMPANIES CARRYING ON LONG-TERM BUSINESS

### CHAPTER 5

#### I - E PROFIT: POLICYHOLDERS' RATE OF TAX

##### *Policyholder tax and calculation of BLAGAB trade profit or loss*

#### **107 Expenses or receipts for deferred policyholder tax**

- (1) This section applies for the purpose of calculating the BLAGAB trade profit or loss for a period of account of any basic life assurance and general annuity business carried on by an insurance company.
- (2) In calculating the profit or loss, an amount is brought into account that is equal to—
  - (a) the closing deferred policyholder tax balance for the period of account, less
  - (b) the closing deferred policyholder tax balance for the previous period of account.
- (3) The amount—
  - (a) is brought into account as an expense, if it is a negative figure, and
  - (b) is brought into account as a receipt, if it is a positive figure.
- (4) The amount is brought into account under this section only if, in accordance with generally accepted accounting practice, it is debited or credited in accounts drawn up by the company for the period of account.
- (5) If the closing deferred policyholder tax balance for a period of account is a liability, the amount of the balance is taken to be a negative figure for the purposes of this section.

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**Status:** Point in time view as at 06/04/2013.

**Changes to legislation:** There are currently no known outstanding effects  
for the Finance Act 2012, Section 107. (See end of Document for details)

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- (6) If the closing deferred policyholder tax balance for a period of account is an asset, the amount of the balance is taken to be a positive figure for the purposes of this section.
- (7) Section 108 applies for determining the closing deferred policyholder tax balance for a period of account.

**Status:**

Point in time view as at 06/04/2013.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2012, Section 107.