
Status: Point in time view as at 22/07/2020.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 2020, Cross Heading: Insurance companies: ring fence. (See end of Document for details)*

SCHEDULES

SCHEDULE 4

CORPORATE CAPITAL LOSSES

PART 1

CORPORATE CAPITAL LOSS RESTRICTION

Insurance companies: ring fence

- 12 (1) Section 210A of TCGA 1992 (insurance: ring-fencing of losses) is amended as follows.
- (2) In subsection (2), after “to the company”, in the first place it occurs, insert “ as permitted by subsection (2A) ”.
- (3) After subsection (2) insert—
- “(2A) The following deductions may be made from the shareholders' share of the BLAGAB chargeable gains accruing to the company in an accounting period—
- (a) any available non-BLAGAB allowable losses accruing to the company in the period may be deducted under section 2A(1)(a), and
- (b) after making any deductions within paragraph (a), any available non-BLAGAB allowable losses previously accruing to the company, which have not been allowed as a deduction from chargeable gains accruing in the period or in any previous accounting period, may (subject to section 269ZFC of CTA 2010) be deducted under section 2A(1)(b).
- (2B) But those deductions may not reduce the shareholders' share of BLAGAB chargeable gains below nil.
- (2C) The amount of “available non-BLAGAB allowable losses” accruing to a company in an accounting period is the amount by which the non-BLAGAB allowable losses accruing to the company in the accounting period exceed the non-BLAGAB chargeable gains so accruing.”
- (4) In subsection (6)(a)—
- (a) omit “amount by which”, and
- (b) omit “exceeds the shareholders' share of BLAGAB chargeable gains so accruing”.
- (5) In subsection (8), in the words before paragraph (a)—
- (a) for “If the” substitute “ If there are ”, and
- (b) omit “exceed the BLAGAB allowable losses so accruing”.

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- (6) In subsection (8)(b), after “deduction” insert “, under step 2 of section 75(1) of FA 2012,”.
- (7) For subsection (9) substitute—
- “(9) If there are BLAGAB allowable losses accruing to the company in the subsequent accounting period, the amount arrived at under subsection (7) (a) is increased by the shareholders' share of the amount of those allowable losses.”
- (8) In subsection (13)—
- (a) in the definition of “BLAGAB allowable losses”, at the end insert “ but excluding any allowable losses deducted under step 2 of section 75(1) of FA 2012 in determining the BLAGAB chargeable gains of the company for an accounting period,”;
- (b) in the definition of “BLAGAB chargeable gains”, after “means chargeable gains” insert “ (as adjusted for allowable losses in accordance with section 75 of FA 2012) ”.
- 13 After section 269ZFB of CTA 2010 insert—

“269ZFC Restriction on deductions of non-BLAGAB allowable losses from BLAGAB chargeable gains

- (1) This section has effect for determining the taxable total profits of an insurance company for an accounting period.
- (2) The sum of any deductions of non-BLAGAB allowable losses from the shareholders' share of BLAGAB chargeable gains made by an insurance company for an accounting period under section 2A(1)(b) of TCGA 1992, as permitted by section 210A(2A)(b) of that Act, may not exceed the relevant maximum.
- (3) In this section, the “relevant maximum” means the sum of—
- (a) 50% of the company's relevant BLAGAB chargeable gains for the accounting period, and
- (b) the amount of the company's BLAGAB deductions allowance for the accounting period.
- (4) A company's “relevant BLAGAB chargeable gains” for an accounting period are—
- (a) the shareholders' share of the BLAGAB chargeable gains for the accounting period, after any reduction under section 210A(2A)(a) of TCGA 1992, less
- (b) the amount of the company's BLAGAB deductions allowance for the accounting period.

But if the allowance mentioned in paragraph (b) exceeds the shareholders' share of the BLAGAB chargeable gains mentioned in paragraph (a), the company's “relevant BLAGAB chargeable gains” for the accounting period are nil.

- (5) A company's “BLAGAB deductions allowance” for an accounting period—

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- (a) is so much of the company's deductions allowance for the period as is specified in the company's tax return as its BLAGAB deductions allowance for the period, and
 - (b) accordingly, is nil if no amount of the company's deductions allowance for the period is so specified.
 - (6) An amount specified under subsection (5)(a) as the company's BLAGAB deductions allowance for an accounting period may not exceed the difference between—
 - (a) the amount of the company's deductions allowance for the period, and
 - (b) the total of any amounts specified for the period under section 269ZB(7)(a) (trading profits deductions allowance), section 269ZBA(5)(a) (chargeable gains deductions allowance) and section 269ZC(5)(a) (non-trading income profits deductions allowance).
 - (7) In this section, “BLAGAB chargeable gains”, “insurance company” and “the shareholders' share of BLAGAB chargeable gains” have the same meaning as in section 210A of TCGA 1992.”
- 14 (1) Part 7ZA of CTA 2010 is amended in accordance with this paragraph.
- (2) In section 269ZD(2)(b)—
- (a) omit the “and” after sub-paragraph (ia) (inserted by paragraph 4 of this Schedule), and
 - (b) after sub-paragraph (ii) insert “and
 - (ia) any deductions of non-BLAGAB allowable losses from the shareholders' share of BLAGAB chargeable gains made for the accounting period under section 2A(1)(b) of TCGA 1992, as permitted by section 210A(2A)(b) of that Act.”
- (3) In section 269ZFB(2), at the end of paragraph (b) insert “and provided that no deductions of non-BLAGAB allowable losses from the shareholders' share of BLAGAB chargeable gains are to be made under section 2A(1)(b) of TCGA 1992, as permitted by section 210A(2A)(b) of that Act.”
- 15 In section 95 of FA 2012 (use of non-BLAGAB allowable losses to reduce I-E profit) for “in accordance with section 210A(2) of TCGA 1992” substitute “ under section 2A(1) of TCGA 1992, as permitted by section 210A(2) and (2A) of that Act, ”.

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