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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, which come into force on 2nd October 1992, are made under paragraphs 4 and 5(4) of Schedule 19AB to the Income and Corporation Taxes Act 1988. Schedule 19AB was inserted by section 49 of, and Schedule 8 to, the Finance Act 1991, and has effect in relation to accounting periods beginning on or after 2nd October 1992.

Schedule 19AB provides that insurance companies carrying on pension business shall be entitled to provisional repayments of tax on pension business investment income. However, during a transitional period, the Commissioners of Inland Revenue (“the Board”) may make provision, by regulations, for the amount of a provisional repayment for any accounting period within the transitional period to be reduced by a prescribed percentage. Schedule 19AB also makes provision for regulations made by the Board to require certain particulars to be specified in a claim for a provisional repayment, and for the charging of interest in any case where a company claims, and is paid, by way of provisional repayment, an amount which exceeds that to which it would otherwise be entitled, as reduced by the prescribed percentage. It is intended that Schedule 19AB will take effect so as to synchronise with the introduction of the legislative provisions relating to the new system for accounting for tax on the part of companies (Pay and File); and the Board is also empowered to specify in regulations the time at which a claim for a provisional repayment may be made during the transitional application of the Pay and File provisions.

Regulation 1 provides for citation and commencement, and regulation 2 for interpretation.

Regulations 3 and 4 are concerned with the transitional period. Regulation 3 specifies 2nd October 1992 as “the opening transitional date” and 1st January 1999 as “the closing transitional date”; and regulation 4 prescribes 7.5 per cent. as the percentage by which the amount of a provisional repayment for accounting periods ending after 2nd October 1992 shall be reduced.

Regulation 5 makes provision for certain particulars to be specified in provisional repayment claims during the transitional period.

Regulation 6 is concerned with interest in a case where an amount paid to a company by way of provisional repayment exceeds the amount to which the company would otherwise be entitled as reduced by the prescribed percentage. Provision is made for the charging of interest in such a case, for the period for which, and the rate at which, the interest charge is to run, and for the recovery of the interest charge and of interest upon it.

Regulation 7 provides that, during the transitional application of the Pay and File provisions, a claim for a provisional repayment shall be made at the time that the company delivers its return under section 11 of the Taxes Management Act 1970.