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STATUTORY INSTRUMENTS

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**2004 No. 2189**

**TAXES**

**The Insurance Companies (Taxation of Reinsurance Business)(Amendment) Regulations 2004**

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| <i>Made</i>                             | - - - - | <i>26th August 2004</i>    |
| <i>Laid before the House of Commons</i> | - - - - | <i>26th August 2004</i>    |
| <i>Coming into force</i>                | - -     | <i>16th September 2004</i> |

The Commissioners of Inland Revenue, in exercise of the powers conferred upon them by section 442A of the Income and Corporation Taxes Act 1988(1) and paragraph 58 of Schedule 8 to the Finance Act 1995(2), make the following Regulations:

**Citation, commencement, effect and transitional provision.**

1.—(1) These Regulations may be cited as the Insurance Companies (Taxation of Reinsurance Business)(Amendment) Regulations 2004 and shall come into force on 16th September 2004.

(2) Regulation 4(2) and (3) shall have effect with respect to accounting periods beginning on or after 1st January 2003.

(3) Notwithstanding paragraph (2), no amount shall be treated as an amount of investment return given by regulation 4 the Insurance Companies (Taxation of Reinsurance Business) Regulations 1995(3) for an accounting period ending before 1 January 2004 if that amount arises solely by virtue of the amendment made to that regulation by regulation 4(3) of this instrument.

**Amendment of the Insurance Companies (Taxation of Reinsurance Business) Regulations 1995**

2.—(1) The Insurance Companies (Taxation of Reinsurance Business) Regulations 1995(4) are amended as follows.

3. In regulation 3(1)(5), in the definition of “P” after “premium” insert—

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(1) 1988 c. 1.  
(2) 1995 c. 4. Paragraph 58 makes provision as to the accounting periods in respect of which the powers conferred by the amendments made by the Schedule may be exercised.  
(3) SI 1995/1730.  
(4) S.I. 1995/1730.  
(5) Regulation 3 was amended by S.I. 1996/1621.

“or otherwise, or treated as paid where that company makes a payment to another person, and in pursuance of any arrangements that other person or a person connected with it (within the meaning of section 839 of the Taxes Act 1988) puts the reinsurer in funds”.

4.—(1) Amend regulations 4 and 5 as follows.

(2) In both regulations 4(6) and 5(7), omit the words “(but excluding any” to “the Prudential Sourcebook (Insurers))” wherever they appear.

(3) In—

(a) regulation 4, in the definition of P after “otherwise”; and

(b) in regulation 5, in the definition of P(n) after “otherwise”

insert the words—

“,or treated as paid where that company makes a payment to another person, and in pursuance of any arrangements that other person or a person connected with it (within the meaning of section 839 of the Taxes Act 1988) puts the reinsurer in funds”.

5.—(1) In regulation 9(8)—

(a) in paragraph (1), for “(4A)” substitute “(4)”; and

(b) paragraph (4A) is revoked.

## **Revocation**

6. In the Insurance Companies (Taxation of Reinsurance Business) Regulations 2003, regulations 4(a), 5(a) and 9(2) and (4) are revoked.

26th August 2004

*Ann Chant*  
*Dave Hartnett*  
Two of the Commissioners of Inland Revenue

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(6) Regulation 4 was amended by S.I. [2003/2573](#).

(7) Regulation 5 was amended by S.I. [2003/2573](#).

(8) Regulation 9 was amended by S.I. [2003/2573](#).

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## EXPLANATORY NOTE

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

These Regulations amend the Insurance Companies (Taxation of Reinsurance Business) Regulations 1995 (“the Regulations”).

Regulation 1 provides for the citation, commencement and effect of these Regulations.

Regulation 2 introduces the amendments to the Regulations.

Regulation 3 amends the definition of P in regulation 3 of the Regulations and expands the definition of paid for the purposes of that regulation.

Regulation 4 amends the definition of P and C in regulation 4, and P(n) and C(n) in regulation 5 of the Regulations, and expands the meaning of “paid”. for the purposes of those provisions. The effect of the amendments, which apply to accounting periods beginning on or after 1<sup>st</sup> January 2003, in accordance with paragraph 58 of Schedule 8 to the Finance Act 1995 in the computation of sums paid by the cedant insurer to the reinsurer during earlier accounting periods for the purposes of Regulation 5 of the Insurance (Taxation of Reinsurance) Regulations 1995 is to disapply for all purposes the words inserted by the Insurance (Taxation of Reinsurance) Regulations 2003 (S.I.2003/2573).

Regulation 5 revokes regulation 9(4A) and makes a consequential amendment to regulation 9(1).

Regulation 6 makes revocations in the Insurance (Taxation of Reinsurance) Regulations 2003 which are consequential on the earlier provisions of this instrument.

These Regulations do not impose new costs on business.