

EXPLANATORY MEMORANDUM TO
THE INSURANCE COMPANIES (OVERSEAS LIFE ASSURANCE BUSINESS)
(EXCLUDED BUSINESS) (AMENDMENT) REGULATIONS 2007

2007 No. 2086

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs (HMRC) and is laid before the House of Commons by Command of Her Majesty.

2. Description

2.1 The regulations amend the Insurance Companies (Overseas Life Assurance Business) (Excluded Business) Regulations 2000 (SI 2000/2089 as amended) to take into account changes made to the tax legislation applying to insurance companies made by Schedule 7 to the Finance Act 2007 (FA 2007). They also make minor updating changes.

2.2 The regulations will have effect generally for periods of account and accounting periods beginning on or after the date they come into force.

3. Matters of Special interest to the Select Committee on Statutory Instruments

None

4. Legislative Background

The regulations are made under section 431D of the Income and Corporation Taxes Act 1988 (ICTA). They amend SI 2000/2089 which excludes certain life assurance business from being overseas life assurance business (OLAB).

5. Extent

The instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

The Economic Secretary to the Treasury, Kitty Ussher MP, has made the following statement regarding Human Rights:

In my view the provisions of the Insurance Companies (Overseas Life Assurance Business) (Excluded Business) (Amendment) Regulations 2007 are compatible with the convention rights.

7. Policy Background

7.1 The regulations arise as a result of legislation in FA 2007 amending the tax legislation relating to companies carrying on life assurance business in the United Kingdom.

7.2 The legislation in Schedule 7 to FA 2007 amalgamates five categories of business into one single category. As a result of this it was decided, so far as possible, to remove special rules affecting only one of the amalgamated classes from primary legislation. Section 441B of ICTA was one such rule which excluded certain business from being OLAB. This is also the function of SI 2000/2089 so the regulations add to that SI the description of business previously appearing in section 441B, and make corresponding repeals.

7.3 Schedule 7 to FA 2007 is part of the outcome of a continuing consultation process started in May 2006 with the publication of a Technical Consultative Document. The regulations have been circulated in draft to interested bodies.

7.4 Guidance on the effect of the regulations will be included in HMRC's Life Assurance Manual and in its OLAB Guidance Notes.

8. Impact

8.1 A preliminary Regulatory Impact Assessment was included in the Technical Consultative Document – see <http://www.hmrc.gov.uk/life-assurance/consultation.htm>. A full Regulatory Impact Assessment may be published when the consultation is complete.

8.2 The impact on the public sector is nil.

9. Contact

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