

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

2007 No. 2088

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) (Compliance) Regulations 1995 (SI 1995/3237 as amended) to take into account changes made to the tax legislation applying to insurance companies by Schedule 7 to the Finance Act 2007 (FA 2007). They also make minor changes as a result of Schedule 12 to that Act.

2.2 The regulations will have effect generally for periods of account and accounting periods beginning on or after 1st January 2007. The power to make regulations with retrospective effect is in paragraph 58 of Schedule 8 to the Finance Act 1995.

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

None

4. Legislative Background

The regulations are made under section 431E of the Income and Corporation Taxes Act 1988. They amend SI 1995/3237 which makes provision in relation to overseas life assurance business (OLAB).

5. Extent

The instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

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 to treat all reinsurance of OLAB as being within life reinsurance business. Since SI 1995/3237 makes provision in relation to OLAB, the references in that SI to reinsurance are being removed by the regulations.

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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