STATUTORY INSTRUMENTS

2023 No. 1236

CORPORATION TAX

The Insurance Companies (“The Long-term Business Fixed Capital”) Regulations 2023

Made - - - -	*20th November 2023*
Laid before the House of Commons	*21st November 2023*
Coming into force - -	*12th December 2023*

The Treasury make the following Regulations in exercise of the powers conferred by section 137 of the Finance Act 2012(**a**).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Insurance Companies (“The Long-term Business Fixed Capital”) Regulations 2023 and come into force on 12th December 2023.

(2) These Regulations have effect in relation to accounting periods beginning on or after 1st January 2024.

Structural assets of a company’s long-term business

2.—(1) For the purposes of section 137 of the Finance Act 2012—

(a) assets of an insurance company’s(**b**) long-term business are to be regarded as being structural assets of that business if they—

(i) are held by the company in a fund that is not a with-profits fund(**c**), and

(ii) are of a description specified in regulation 3; and

(b) assets not within paragraph (a) or subsection (3) of that section are to be regarded as not being structural assets of an insurance company’s long-term business(**d**).

(2) Paragraph (1)(a)(i) does not apply to assets of a company carrying on mutual life assurance business.

Specified description of assets

3.—(1) The assets of an insurance company (“A”) described in paragraphs (2) to (6) are specified for the purposes of regulation 2(1)(a).

(2) Shares, beneficial interests in a company limited by guarantee, debts or loans held by A in another company (“B”) where—

(**a**) 2012 c. 14.
(**b**) “Insurance company” is defined by section 65 of the Finance Act 2012. The definition was amended by S.I. 2019/689.
(**c**) “With-profits fund” is defined in section 139(1) of the Finance Act 2012. The definition was amended by S.I. 2013/636.
(**d**) “Long-term business” is defined in section 63 of the Finance Act 2012.

(a) either—

(i) B is a 51% subsidiary(**a**) of A, or

(ii) where B is a company limited by guarantee, A is beneficially entitled to more than 50 per cent of any assets of B available for distribution on a winding up, and

(b) B is—

(i) an insurance company,

(ii) a non-UK resident(**b**) company which would be an insurance company if section 65(2)(a) of the Finance Act 2012 included a reference to permission to carry on the activity of effecting or carrying out contracts of insurance under the law of a territory outside the United Kingdom which is similar to or corresponds to Part 4A of FISMA 2000(**c**),

(iii) a company whose business consists wholly or mainly in providing services to companies which are members of the same group of companies as A,

(iv) a company whose business consists wholly or mainly in holding shares or securities of companies in one of paragraphs (i) to (iii) which are its 51% subsidiaries,

(v) a company whose business consists wholly or mainly in holding shares or securities of companies in paragraph (iv) which are its 51% subsidiaries, or

(vi) a company which was within one of paragraphs (i) to (v) before becoming dormant (within the meaning given by section 1169 of the Companies Act 2006(**d**)).

(3) Any interest in a property which is occupied by A, or a company in the same group as A, for the purposes of its business.

(4) Shares, debts or loans held by A in another company ("B") where—

(a) A carries on mutual life assurance business,

(b) B is a 51% subsidiary of A, and

(c) B is not an investment company or a matching adjustment company.

(5) Shares held by A in another company ("B") where—

(a) B is a matching adjustment company, and

(b) A's principal purpose for holding the shares in B is to apply a matching adjustment under regulation 42 of the Solvency 2 Regulations 2015(**e**).

(6) Goodwill.

(7) For the purposes of this regulation, two companies are members of the same group of companies if—

(a) one is the 51% subsidiary of the other, or

(b) both are 51% subsidiaries of a third company.

(8) In this regulation—

"goodwill" has the same meaning as in section 715(3) of CTA 2009(**f**);

"holding company" means a company whose business consists wholly or mainly in the holding of shares or securities of companies which are its 51% subsidiaries;

"investment company" means a company—

(a) whose business consists wholly or mainly in the making of investments, and

(b) which derives the principal part of its income from the making of investments,

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(**a**) "51% subsidiary" is defined in section 1154 of the Corporation Tax Act 2010.
(**b**) "Non-UK resident" is defined by section 1119 of the Corporation Tax Act 2010 (c. 4).
(**c**) "FISMA 2000" is defined in section 140(1) of the Finance Act 2012.
(**d**) 2006 c. 46; section 1169 was amended by section 93(6) of the Small Business, Enterprise and Employment Act 2015 (c. 26).
(**e**) S.I. 2015/575.
(**f**) "CTA 2009" is defined in section 228(1) of the Finance Act 2012.

but does not include a holding company of a trading group;

“matching adjustment company” means a company which is party to an arrangement entered into for the purposes of an application by A to the Prudential Regulatory Authority (“the PRA”) for permission to apply a matching adjustment under regulation 42 of the Solvency 2 Regulations 2015, which the PRA must approve, or has approved, under that regulation;

“trading group” means a group the business of whose members, when taken together, consists wholly or mainly in the carrying on of a trade or trades.

Scott Mann
Stuart Anderson
20th November 2023 Two of the Lords Commissioners of His Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision in relation to the taxation of insurance companies.

The Regulations specify descriptions of assets which are to be regarded for the purposes of section 137 of the Finance Act 2012 as being, or as not being, structural assets of an insurance company’s long-term business. Structural assets held for the purposes of an insurance company’s long-term business are part of the company’s long-term fixed capital and so regarded under section 122 of the Finance Act 2012 as held by the company otherwise than for the purposes of its long-term business.

A Tax Information and Impact Note (TIIN) covering this instrument will be published on the GOV.UK website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.

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