

*Status: Point in time view as at 12/08/2005.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1997, Part III. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 12

#### LEASING ARRANGEMENTS: FINANCE LEASES AND LOANS

#### PART III

#### INSURANCE COMPANIES

##### *Accounting purposes*

18 <sup>F1</sup>(1) In the application of this Schedule in relation to companies carrying on insurance business, “accounting purposes” does not include the purposes of accounts which <sup>F2</sup>the rules contained in Chapter 9 of the Prudential Sourcebook (Insurers)] requires to be prepared.

<sup>F3</sup>(2) In sub-paragraph (1) above “the Prudential Sourcebook (Insurers)” means the Interim Prudential Sourcebook for Insurers made by the Financial Services Authority under the Financial Services and Markets Act 2000.]

##### **Textual Amendments**

- F1** Sch. 12 para. 18 re-numbered as para. 18(1) (1.12.2001 with effect as mentioned in art. 102(4) of the amending S.I.) by [S.I. 2001/3629, art. 102\(2\)\(b\)](#)
- F2** Words in Sch. 12 para. 18 substituted (1.12.2001 with effect as mentioned in art. 102(4) of the amending S.I.) by [S.I. 2001/3629, art. 102\(2\)\(a\)](#)
- F3** Sch. 12 para. 18(2) inserted (1.12.2001 with effect as mentioned in art. 102(4) of the amending S.I.) by [S.I. 2001/3629, art. 102\(2\)\(b\)](#)

##### **Modifications etc. (not altering text)**

- C1** Sch. 12 para. 18 modified (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Friendly Societies \(Modification of the Corporation Tax Acts\) Regulations 2005 \(S.I. 2005/2014\), regs. 1\(1\), 42](#)

##### *Companies carrying on life assurance business*

- 19 (1) This paragraph applies if the current lessor is a company carrying on life assurance business.
- (2) Where the leased asset is an asset of the company’s <sup>F4</sup>long-term insurance] fund, no amount shall be brought into account by virtue of this Schedule in any computation of profits of life assurance business, or any <sup>F5</sup>category] of life assurance business, carried on by the company where the computation is made in accordance with the provisions of the Taxes Act 1988 applicable to Case I of Schedule D.

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- (3) In determining whether the condition in sub-paragraph (3) or (4) of paragraph 3 above is satisfied in the case of the company, an amount shall not be regarded—
- (a) as falling to be brought into account for tax purposes as rent which arises to the company from the lease, or to which the company is entitled, in a period of account, or
  - (b) as representing a portion of that part of a major lump sum which falls within paragraph 3(2)(b) above,
- by reason only that it falls to be taken into account for any purpose by virtue of section 83(2) of the <sup>M1</sup>Finance Act 1989 (investment income from, and increases in value of, assets of [<sup>F4</sup>long-term insurance] fund treated as receipts of period).
- (4) Where—
- (a) under paragraph 5 or 13 above the company is treated for tax purposes as if in a period of account it had been entitled to, and there had arisen to it, any rent from the lease, and
  - (b) the leased asset is an asset of the company's [<sup>F4</sup>long-term insurance] fund or is linked to any category of insurance business, and
  - (c) any question arises for the purposes of the Corporation Tax Acts as to the extent to which that rent is referable to any category of the company's [<sup>F6</sup>long-term] business,
- section 432A of the Taxes Act 1988 (apportionment of insurance companies' income) shall have effect in relation to the rent as it has effect in relation to the income arising from an asset.
- [<sup>F7</sup>(5) In this paragraph “life assurance business” has the same meaning as in Chapter I of Part XII of the Taxes Act 1988.]

#### Textual Amendments

- F4** Words in Sch. 12 para. 19(2)(3)(4)(b) substituted (1.12.2001 with effect as mentioned in art. 102(4) of the amending S.I.) by [S.I. 2001/3629](#), [art. 102\(3\)\(a\)](#)
- F5** Word in Sch. 12 para. 19(2) substituted (with effect in accordance with Sch. 9 para. 19(5) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 9 para. 19\(3\)](#)
- F6** Words in Sch. 12 para. 19(4)(c) substituted (1.12.2001 with effect as mentioned in art. 102(4) of the amending S.I.) by [S.I. 2001/3629](#), [art. 102\(3\)\(b\)](#)
- F7** Sch. 12 para. 19(5) added (23.3.1999) by [S.I. 1999/498](#), [reg. 16\(2\)](#)

#### Marginal Citations

- M1** 1989 c. 26.

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