

SCHEDULES

SCHEDULE 12

LEASING ARRANGEMENTS: FINANCE LEASES AND LOANS

PART III

INSURANCE COMPANIES

Accounting purposes

- 18 In the application of this Schedule in relation to companies carrying on insurance business, “accounting purposes” does not include the purposes of accounts which Part II of the Insurance Companies Act 1982 (the Department of Trade and Industry rules) requires to be prepared.

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 long term business fund, no amount shall be brought into account by virtue of this Schedule in any computation of profits of life assurance business, or any class 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.
- (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 Finance Act 1989 (investment income from, and increases in value of, assets of long term business 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 long term business fund or is linked to any category of insurance business, and

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- (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 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.