

SCHEDULES

SCHEDULE 26

DERIVATIVE CONTRACTS

PART 8

INSURANCE AND MUTUAL TRADING COMPANIES

Application of Schedule to insurance and mutual trading companies

- 41 (1) This Schedule shall apply in relation to insurance and mutual trading companies as it applies in relation to other companies.
- (2) Sub-paragraph (1) is subject to paragraphs 42 and 43.

Application of Part 1 of Schedule 11 to the Finance Act 1996

- 42 (1) Part 1 of Schedule 11 to the Finance Act 1996 (c. 8) (special provision with respect to loan relationships for insurance companies) shall have effect (subject to sub-paragraphs (2) to (4)) in relation to derivative contracts as it has effect in relation to loan relationships.
- (2) Any provision of that Part of that Schedule which applies only to debtor relationships (within the meaning of Chapter 2 of Part 4 of that Act) shall not have effect in relation to derivative contracts for the purposes of sub-paragraph (1).
- (3) That Part of that Schedule shall have effect in its application in relation to derivative contracts as if—
- (a) references to Chapter 2 of Part 4 of the Finance Act 1996 were references to this Schedule,
 - (b) references to section 80(5) of that Act were references to paragraph 1(2) of this Schedule,
 - (c) references to section 82(2) of that Act were references to paragraph 14(2) of this Schedule, and
 - (d) references to credits and debits given in respect of a loan relationship by Chapter 2 of Part 4 of that Act were references, respectively, to the credits and debits given in respect of a derivative contract by this Schedule.
- (4) In the application of that Part of that Schedule in the case of any contract of an insurance company—
- (a) which is a derivative contract by virtue of paragraph 5, and
 - (b) to which the insurance company is party for the purposes of any life assurance business, or any category of life assurance business, carried on by it or partly for those purposes,

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any credits or debits given in respect of the contract shall not, to the extent that they are referable to that business or any category of that business, be brought into account in accordance with that Schedule as it has effect by virtue of this paragraph (and accordingly the provisions applicable apart from this Schedule shall, to that extent, apply for the purposes of computing the profits of an insurance company for the purposes of corporation tax).

Non-life mutual business

- 43 (1) This paragraph applies in relation to any contract of a mutual trading company—
- (a) which is a derivative contract by virtue of paragraph 5, and
 - (b) to which the mutual trading company is party, at any time in an accounting period, for the purposes of any non-life mutual business carried on by it or partly for those purposes.
- (2) Where this paragraph applies in relation to a contract, this Schedule shall have effect in relation to the contract subject to sub-paragraph (3).
- (3) To the extent that the credits or debits which, but for this sub-paragraph, fall to be brought into account in respect of the contract for that period are referable to any non-life mutual business they shall not be brought into account under this Schedule.
- (4) The extent to which any credits or debits are referable to the purposes of any non-life mutual business or to other purposes shall be determined by apportioning those credits and debits on a just and reasonable basis.