

SCHEDULES

SCHEDULE 17

INSURANCE COMPANIES ETC

Clarification of scope of ICTA s.432A

17 (1) Section 432A of ICTA (apportionment of income and gains) is amended as follows.

(2) In subsection (1)—

- (a) for “This” substitute “Subject to section 432B, this”,
- (b) in paragraph (a), after “income” insert “or losses”, and
- (c) in paragraph (b), insert at the end “in accordance with the provisions of the 1992 Act”.

(3) After that subsection insert—

“(1ZA) In subsection (1)(a) above “income” means—

- (a) income chargeable under Schedule A in respect of any separate Schedule A businesses treated as carried on by the company under section 432AA,
- (b) income chargeable under Schedule A in respect of distributions treated by section 121(1)(a) of the Finance Act 2006 as profits of a Schedule A business carried on by the company,
- (c) income chargeable under Case V of Schedule D in respect of any overseas property business treated as carried on by the company under section 432AA,
- (d) other income of the company chargeable under Case V of Schedule D,
- (e) distributions received by the company from companies resident in the United Kingdom,
- (f) credits in respect of any creditor relationships (within the meaning of Chapter 2 of Part 4 of the Finance Act 1996) of the company,
- (g) credits in respect of any derivative contracts (within the meaning of Schedule 26 to the Finance Act 2002) of the company,
- (h) any income of the company chargeable under Case III of Schedule D in respect of annuities and other annual payments within paragraph (b) of Case III of Schedule D as substituted by section 18(3A),
- (i) any credits brought into account by the company under Part 3 of Schedule 29 to the Finance Act 2002 (intangible fixed assets), and
- (j) any income of the company chargeable under Case VI of Schedule D, other than profits of the company chargeable under section 436A (gross roll-up business).

(1ZB) In subsection (1)(a) above “losses” means—

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- (a) losses in respect of any separate Schedule A businesses treated as carried on by the company under section 432AA,
- (b) losses in respect of any overseas property businesses treated as carried on by the company under that section,
- (c) debits in respect of any creditor relationships (within the meaning of Chapter 2 of Part 4 of the Finance Act 1996) of the company,
- (d) debits in respect of any derivative contracts (within the meaning of Schedule 26 to the Finance Act 2002) of the company,
- (e) any debits brought into account by the company under Part 2 of Schedule 29 to the Finance Act 2002 (intangible fixed assets), and
- (f) any losses of the company computed in the same way as profits chargeable under Case VI of Schedule D, other than any losses of gross roll-up business.

(1ZC) For determining as mentioned in subsection (1) above what parts of income or gains arising from the assets of the company’s long-term insurance fund are referable to PHI business (to the extent that it would not be the case by virtue of subsections (1ZA) and (1ZB))—

- (a) “income” also includes profits shown in the technical account, and
- (b) “losses” also includes losses so shown.”

(4) In subsection (1A), for “, all of the income and gains or losses referred to in subsection (1) above is” substitute—

- “(a) all of the income and losses referred to in paragraph (a) of subsection (1) above, and
- (b) all of the gains and losses referred to in paragraph (b) of that subsection,

are”.

(5) In subsection (3), after “Income” insert “or losses”.

(6) After that subsection insert—

“(3A) Amounts falling within—

- (a) section 442A,
- (b) section 85(2C) of the Finance Act 1989, or
- (c) section 85A of that Act,

are directly referable to basic life assurance and general annuity business.”

(7) In subsection (4A), after “Income” insert “or losses”.

(8) In subsection (5), for “income, gains or losses” substitute “income and losses referred to in paragraph (a) of subsection (1) above, and any gains and losses referred to in paragraph (b) of that subsection,”.

(9) In subsection (7)—

- (a) in paragraph (a), for “income, gains or losses” substitute “income and losses referred to in paragraph (a) of subsection (1) above, and gains and losses referred to in paragraph (b) of that subsection,” and insert at the end “and”,
- (b) in paragraph (b), for “arising from the assets is, and gains or losses accruing on the disposal of the assets are,” substitute “and losses arising from the assets, and gains and losses accruing on the disposal of the assets, are”, and

Status: This is the original version (as it was originally enacted).

- (c) omit paragraph (c) and the “and” before it.
- (10) In consequence of the preceding provisions, omit the provisions specified in sub-paragraph (11).
- (11) The provisions mentioned in sub-paragraph (10) are—
- (a) section 432AB(2) of ICTA,
 - (b) section 502H of that Act,
 - (c) paragraph 3 of Schedule 11 to FA 1996,
 - (d) paragraph 19(4) of Schedule 12 to FA 1997,
 - (e) paragraphs 36(1) and (3) and 138(2) and (3) of Schedule 29 to FA 2002,
 - (f) paragraph 19(4) of Schedule 9 to F(No.2)A 2005, and
 - (g) paragraphs 13(2) and 44 of Schedule 7, and paragraph 5 of Schedule 8, to FA 2007.
- (12) The amendments made by this paragraph have effect in relation to accounting periods beginning on or after 1 January 2008.