

*These notes refer to the Corporation Tax Act 2009
(c.4) which received Royal Assent on 26 March 2009*

CORPORATION TAX ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 6: Relationships treated as loan relationships etc

Overview

Chapter 11: Investment life insurance contracts

Overview

Section 563: Increased non-trading credits for BLAGAB and EEA taxed contracts

1473. This section provides a special rule within the loan relationships legislation for company-held investment policies. It is based on paragraphs 3(1) to (3) and 4(1) of Schedule 13 to FA 2008.
1474. The rule applies where the contract is a BLAGAB contract or is subject to a comparable “EEA tax charge”. In general, such policies will simply follow the normal rules, but this section recognises that in many cases the insurance company will have borne tax on the income and gains which are building up within the company in order to provide the benefits under the policy.
1475. This section provides that where a company has to bring in a non-trading credit representing a profit from a related transaction, then that credit is increased and the amount of the increase is set off against corporation tax assessable on the company for the accounting period.