



# Finance Act 2012

## 2012 CHAPTER 14

### PART 2

#### INSURANCE COMPANIES CARRYING ON LONG-TERM BUSINESS

### CHAPTER 2

#### CHARGE TO TAX ON I - E BASIS ETC

#### *Separate businesses etc*

#### **66 Separate businesses for BLAGAB and other long-term business**

- (1) If an insurance company carries on—
  - (a) basic life assurance and general annuity business, and
  - (b) other long-term business,the general rule is that business within paragraphs (a) and (b) is to be treated for corporation tax purposes as two separate businesses carried on by the company.
- (2) One of the separate businesses is to consist of the basic life assurance and general annuity business.
- (3) The other separate business is to be regarded for corporation tax purposes as a single trade consisting of the other long-term business.
- (4) If an insurance company carries on—
  - (a) life assurance business none of which is basic life assurance and general annuity business, and
  - (b) PHI business,the company is to be treated for corporation tax purposes as carrying on a single trade consisting of the businesses within paragraphs (a) and (b).
- (5) For the purposes of this Part “non-BLAGAB long-term business” means—

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*Status: This is the original version (as it was originally enacted).*

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- (a) a single trade within subsection (3) or (4), or
  - (b) in a case where an insurance company carries on life assurance business none of which is basic life assurance and general annuity business but does not carry on other long-term business, that life assurance business.
- (6) If an insurance company carries on short-term insurance business, that business is to be regarded for corporation tax purposes as a separate trade.
- (7) For this purpose “short-term insurance business” means any insurance business which is not long-term business.

**67 Exception where BLAGAB small part of long-term business**

- (1) There is an exception to the general rule set out in section 66(1) if for an accounting period of an insurance company substantially all of its long-term business is not basic life assurance and general annuity business.
- (2) In that case, there is for the accounting period to be no separate business consisting of the company’s basic life assurance and general annuity business.
- (3) There is instead to be one business that is to be regarded for corporation tax purposes as a single trade of the company consisting of its long-term business.
- (4) That single trade is to be regarded as “non-BLAGAB long-term business” for the purposes of this Part.
- (5) Accordingly, references in this Part (apart from in section 66 and this section) to a company’s basic life assurance and general annuity business do not include any business which, as a result of this section, is regarded as non-BLAGAB long-term business.