



Finance Act 2012

2012 CHAPTER 14

PART 2

INSURANCE COMPANIES CARRYING ON LONG-TERM BUSINESS

CHAPTER 9

RELIEF FOR BLAGAB TRADE LOSSES ETC

The reliefs

123 Relief for BLAGAB trade losses against total profits

- (1) Section 37 of CTA 2010 (relief for trade losses against total profits) is to apply in relation to a BLAGAB trade loss for an accounting period as it applies in relation to any other loss made in a trade for an accounting period.
- (2) Subsection (1) applies despite the fact that, had there been a BLAGAB trade profit for the accounting period, that profit would not have been charged to tax under section 35 of CTA 2009 and the I - E rules would have been applicable instead.

124 Carry forward of BLAGAB trade losses against subsequent profits

- (1) This section applies if an insurance company carrying on basic life assurance and general annuity business makes a BLAGAB trade loss for an accounting period.
- (2) Relief is available under this section for that part of the BLAGAB trade loss (“the unrelieved loss”) for which no relief is given under section 37 of CTA 2010 (as applied by section 123).
- (3) The relief for the unrelieved loss is to be given as follows.

Status: This is the original version (as it was originally enacted).

- (4) The unrelieved loss is to be carried forward to subsequent accounting periods (so long as the company continues to carry on basic life assurance and general annuity business).
- (5) For the purposes of—
 - (a) section 93 (minimum profits charge), and
 - (b) section 104 (policyholders' rate of tax),
 the BLAGAB trade profit of any such period is reduced by the unrelieved loss so far as that loss cannot be used under this subsection to reduce the BLAGAB trade profit of an earlier period.
- (6) Relief under this section is subject to restriction or modification in accordance with section 137(7) of CTA 2010 and other applicable provisions of the Corporation Tax Acts.

125 Group relief

- (1) Part 5 of CTA 2010 (group relief) is to apply in relation to a BLAGAB trade loss for an accounting period as it applies in relation to any other loss made in a trade for an accounting period.
- (2) Subsection (1) applies despite the fact that, had there been a BLAGAB trade profit for the accounting period, that profit would not have been charged to tax under section 35 of CTA 2009 and the I - E rules would have been applicable instead.
- (3) If for an accounting period an insurance company has—
 - (a) an I - E profit, and
 - (b) losses or other amounts within section 99(1)(d) to (g) of CTA 2010,
 the company's gross profits of the accounting period for the purposes of section 105 of that Act (restriction on surrender of those amounts) are not to include the policyholders' share of the I - E profit (as determined for the purposes of section 102).

Restrictions

126 Restrictions in respect of non-trading deficit

- (1) The amount of a BLAGAB trade loss for an accounting period of an insurance company that is available for relief under—
 - (a) section 37 of CTA 2010 (as applied by section 123), or
 - (b) Part 5 of CTA 2010 (group relief) (as applied by section 125),
 is to be reduced by the amount of any relevant non-trading deficit which the company has for the accounting period.
- (2) The reference to a relevant non-trading deficit for an accounting period is a reference to the non-trading deficit which the company would have under section 388 of CTA 2009 (loan relationships and derivative contracts) if credits and debits given in respect of the company's creditor relationships (within the meaning of Part 5 of that Act) were ignored.

127 No relief against policyholders' share of I - E profit

- (1) This section applies in the case of an insurance company carrying on basic life assurance and general annuity business.
- (2) None of the following reliefs are to be given against the policyholders' share of any I - E profit of the company for any accounting period (as determined for the purposes of section 102).
- (3) The reliefs in question are—
 - (a) relief under section 37 of CTA 2010 (including as applied by section 123),
 - (b) relief under Chapter 2 or 4 of Part 4 of CTA 2010 (loss relief),
 - (c) relief under Part 5 of CTA 2010 (group relief) (including as applied by section 125),
 - (d) relief in respect of any qualifying charitable donation,
 - (e) relief in respect of any amount representing a non-trading deficit on the company's loan relationships calculated otherwise than by reference to debits and credits referable, in accordance with Chapter 4, to its basic life assurance and general annuity business.
- (4) If the company's basic life assurance and general annuity business is mutual business, subsection (3)(d) does not apply.