Finance Act 2012

2012 CHAPTER 14

PART 2

INSURANCE COMPANIES CARRYING ON LONG-TERM BUSINESS

CHAPTER 10

TRANSFERS OF LONG-TERM BUSINESS

Transfers of BLAGAB

128 Relief for transferee in respect of transferor's BLAGAB expenses

(1) This section applies if, under an insurance business transfer scheme, there is a transfer of basic life assurance and general annuity business (or any part of that business) from one insurance company to another.

(2) Acquisition expenses relief is to be given to the transferee for any acquisition expenses for which, on the assumptions set out below, that relief would have been given to the transferor for an accounting period starting after the date of the transfer.

(3) "Acquisition expenses relief" means relief given, in accordance with section 79 (spreading of acquisition expenses), at step 3 in section 76.

(4) For the transferee's first accounting period ending after the date of the transfer, acquisition expenses relief for the acquisition expenses within subsection (2) is to be determined as if that period had started with the date after the date of the transfer.

(5) Relief at step 5 in section 76 is to be given to the transferee for any excess BLAGAB expenses for which, on the assumptions set out below, that relief would have been given to the transferor for an accounting period starting after the date of the transfer.

(6) For the purposes of this section it is to be assumed that—

(a) the transferor had continued to carry on the transferred business after the transfer, and

(b) the transferor had an accounting date ending with the date of the transfer (if that would not otherwise be the case).

(7) If the transfer is a transfer of part of the business, references in this section to any expenses are to be read as references to the appropriate part of the expenses.

(8) Any relief given to the transferee as a result of this section is instead of any relief that would otherwise have been given to the transferor.