



# Finance Act 2012

## 2012 CHAPTER 14

### PART 2

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

### CHAPTER 3

#### THE I - E BASIS

#### *Special rules applying to I - E basis*

#### **88 Loan relationships, derivative contracts and intangible fixed assets**

- (1) This section applies if an insurance company has—
- credits or debits in respect of any loan relationships,
  - credits or debits in respect of any derivative contracts, or
  - credits or debits brought into account by the company under Part 8 of CTA 2009 (intangible fixed assets),
- that are referable, in accordance with Chapter 4, to its basic life assurance and general annuity business.
- (2) In the application of the I - E rules in relation to the company's basic life assurance and general annuity business—
- the loan relationship rules,
  - the derivative contract rules, and
  - the intangible fixed asset rules,
- have effect as if the activities carried on by the company in the course of its basic life assurance and general annuity business did not constitute the whole or any part of a trade or of a property business.
- (3) In the application of the I - E rules for an accounting period in relation to the company's basic life assurance and general annuity business—

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2012, Section 88. (See end of Document for details)*

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- (a) BLAGAB credits in respect of its loan relationships for the period are to count as income for the purposes of those rules only in so far as they exceed BLAGAB debits in respect of its loan relationships for the period, and
  - (b) BLAGAB credits brought into account by the company under Part 8 of CTA 2009 for the period are to count as income for the purposes of those rules only in so far as they exceed BLAGAB debits brought into account by the company under that Part for the period.
- (4) References in subsection (3)(a) to BLAGAB credits or BLAGAB debits in respect of a company's loan relationships include, as a result of subsection (2) and section 574 of CTA 2009, BLAGAB credits or BLAGAB debits in respect of the company's derivative contracts.
- (5) If for an accounting period the BLAGAB debits mentioned in subsection (3)(a) exceed the BLAGAB credits mentioned there, the excess is dealt with in accordance with sections 388 to 391 of CTA 2009.
- (6) If for an accounting period the BLAGAB debits mentioned in subsection (3)(b) exceed the BLAGAB credits mentioned there, the [<sup>F1</sup>excess is treated for the purposes of section 76 as a deemed BLAGAB management expense for that period.]
- (7) In this section—
- “BLAGAB credits”, in relation to a company, means credits arising from the company's long-term business that are referable, in accordance with Chapter 4, to its basic life assurance and general annuity business,
  - “BLAGAB debits”, in relation to a company, means debits arising from the company's long-term business that are referable, in accordance with Chapter 4, to its basic life assurance and general annuity business,
  - “the loan relationship rules” means the rules set out in Part 5 of CTA 2009 (including provisions of other enactments by reference to which amounts are to be brought into account for the purposes of that Part),
  - “the derivative contract rules” means the rules set out in Part 7 of CTA 2009, and
  - “the intangible fixed asset rules” means the rules set out in Part 8 of CTA 2009.

#### **Textual Amendments**

- F1** Words in s. 88(6) substituted (with effect in accordance with s. 67(5) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 67\(3\)](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2012, Section 88.