
STATUTORY INSTRUMENTS

1994 No. 3278

INCOME TAX

The Overseas Life Assurance Fund (Amendment) Order 1994

Made - - - - 19th December 1994
Laid before the House of
Commons - - - - 20th December 1994
Coming into force - - 10th January 1995

The Treasury, in exercise of the powers conferred on them by paragraph 1(2) of Schedule 19AA to the Income and Corporation Taxes Act 1988(1), hereby make the following Order:

Citation, commencement and application

1. This Order may be cited as the Overseas Life Assurance Fund (Amendment) Order 1994, shall come into force on 10th January 1995 and shall apply in relation to periods of account of a company beginning after 31st October 1994 and ending on or after the day on which this Order comes into force.

Amendments to Schedule 19AA to the Income and Corporation Taxes Act 1988

2. Schedule 19AA to the Income and Corporation Taxes Act 1988 (overseas life assurance fund) shall be amended as follows.

3. In paragraph 2(3)(c), for the words from “either” to “paragraph” there shall be substituted the words “assets within paragraph 5(5)(a) or”.

4.—(1) In paragraph 4, for sub-paragraph (1) there shall be substituted —

“(1) The amount referred to in paragraph 3 above shall be determined by the formula—

$$A + B - C - D$$

where —

A is the liabilities of the company’s overseas life assurance business at the end of the period of account,

B is the appropriate part of the investment reserve at that time,

C is the value, at that time, of any land in the United Kingdom which is an asset linked solely to the company’s overseas life assurance business, and

(1) 1988 c. 1. Schedule 19AA was inserted by paragraph 6 of Schedule 7 to the Finance Act 1990 (c. 29).

D is the relevant fraction of the value, at that time, of any land in the United Kingdom which is an asset linked both to the company's overseas life assurance business and to some other category of business.”

(2) In paragraph 4, in sub-paragraph (2) for the words “sub-paragraph (1)(b) above” there shall be substituted the words “sub-paragraph (1) above, in B.”

(3) In paragraph 4, after sub-paragraph (2) there shall be added —

“(3) In this Schedule “land” includes buildings and other structures, land covered with water, and any estate, interest, easement, servitude, right or licence in or over land.

(4) In sub-paragraph (1) above, in D, “the relevant fraction” is the fraction of which —

(a) the numerator is the value, at the end of the period of account, of such of the liabilities of the company's overseas life assurance business as were liabilities in respect of benefits to be determined by reference to the value of the asset; and

(b) the denominator is the value, at that time, of all the liabilities of the company's long term business which were liabilities in respect of benefits to be so determined..”

5. In paragraph 5(5) —

(a) in paragraph (a), after the word “assets” there shall be inserted “, other than land in the United Kingdom,”;

(b) in paragraph (c) —

(i) after the word “assets” there shall be inserted the words “, other than land in the United Kingdom,” and

(ii) after the word “agency” there shall be inserted the words “outside the United Kingdom”;

(c) for paragraph (e) there shall be substituted —

“(e) assets not within any of paragraphs (ea), (f) and (g) below;

(ea) interests in authorised unit trusts;”;

(d) after paragraph (f) there shall be inserted —

“(g) land in the United Kingdom;”.

19th December 1994

Tim Wood
Timothy Kirkhope
Two of the Lords Commissioners of Her
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends Schedule 19AA to the Income and Corporation Taxes Act 1988 (“the Schedule”), which has effect for determining the assets of a company which are the assets of its overseas life assurance fund.

Article 3 makes an amendment to paragraph 2 of the Schedule, which specifies the assets which make up the overseas life assurance fund. The article restricts the categories of assets acquired and disposed of during the same period of account which are to be treated as assets of the fund.

Article 4 amends paragraph 4 of the Schedule. Paragraph 4 refers back to paragraph 3 of the Schedule, which provides, in paragraph 3(1), that where, at the end of a period of account, the value of the assets mentioned in paragraph 2(1) is less than the amount mentioned in paragraph 4, assets designated in accordance with paragraph 5 shall become assets of the overseas life assurance fund; and, in paragraph 3(3), that where, at the end of a period of account, the value of the assets mentioned in paragraph 2(1) is greater than the amount mentioned in paragraph 4, assets designated in accordance with paragraph 5 shall cease to be assets of the overseas life assurance fund. Article 4(1) amends paragraph 4(1) of Schedule 19AA so that certain amounts are not taken into account in determining the amount mentioned in paragraph 4: those amounts are the value of any land in the United Kingdom which is solely linked to overseas life assurance business and the relevant fraction of the value of any land in the United Kingdom which is partly linked to overseas life assurance business. Article 4(2) contains a consequential drafting amendment. Article 4(3) adds additional subparagraphs to paragraph 4 of the Schedule, which provide a definition of “land” and for the manner in which the relevant fraction is to be ascertained.

Article 5 amends paragraph 5 of the Schedule, which contains provisions for any designation of assets required for the purposes of paragraph 3. Paragraph 5(5) lists various categories of assets; and any designation of assets is to be made in accordance with this list. Article 5, by amending paragraph 5(5), varies the order in which categories of assets are designated, or as the case may be cease to be designated, as part of the overseas life assurance fund.