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STATUTORY INSTRUMENTS

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**1996 No. 1**

**INCOME TAX**

**The Insurance Companies (Pension Business)  
(Transitional Provisions) (Amendment) Regulations 1996**

<i>Made</i>	- - - -	<i>2nd January 1996</i>
<i>Laid before the House of Commons</i>	- - - -	<i>3rd January 1996</i>
<i>Coming into force</i>	- -	<i>24th January 1996</i>

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by paragraph 4(1), (2), (4) and (6) of Schedule 19AB to the Income and Corporation Taxes Act 1988<sup>(1)</sup>, hereby make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Insurance Companies (Pension Business) (Transitional Provisions) (Amendment) Regulations 1996 and shall come into force on 24th January 1996.

**Interpretation**

2. In these Regulations “the principal Regulations” means the Insurance Companies (Pensions Business) (Transitional Provisions) Regulations 1992<sup>(2)</sup> and “regulation” means a regulation of those Regulations.

**Amendments to the principal Regulations**

3. In regulation 1, for the word “Pensions” there shall be substituted the word “Pension”.

4. In regulation 2—

(a) after the definition of “maximum reduced entitlement” there shall be inserted—

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(1) 1988 c. 1; Schedule 19AB was inserted by section 49 of, and Schedule 8 to, the Finance Act 1991 (c. 31) with effect in relation to accounting periods of insurance companies beginning on or after 2nd October 1992 by virtue of S.I. 1992/1746 (C.58). By virtue of powers conferred on the Treasury under section 51B(3)(b) of the Income and Corporation Taxes Act 1988, inserted by section 78(1) of the Finance Act 1995 (c. 4), the operation of paragraph 4 was modified in relation to cases where payments of interest on gilt-edged securities are made without deduction of tax to companies carrying on pension business by regulations 4 to 10 of S.I. 1995/3223.

(2) S.I. 1992/2326, amended by S.I. 1993/3109, 1994/3036 and 1995/3134.

“notional repayment” shall be construed in accordance with paragraph 1A of Schedule 19AB (treated as inserted by regulation 6 of the Insurance Companies (Gilt-edged Securities) (Periodic Accounting for Tax on Interest) Regulations 1995(3)) and, in relation to a notional repayment, “provisional repayment period” shall be construed in accordance with that paragraph of that Schedule;”;

(b) in the definition of “provisional repayment”, after the words “Schedule 19AB and” there shall be inserted the words “, in relation to a provisional repayment,”.

5. In regulation 4, in paragraph (1), after the words “any provisional repayment” there shall be inserted the words “or any notional repayment”.

6. In regulation 5—

(a) after the words “claiming a provisional prepayment” there shall be inserted the words “or a notional repayment”;

(b) in paragraph (a), after the words “by way of provisional repayment” there shall be inserted the words “or notional repayment”; and

(c) in paragraph (c), after the words “the provisional repayment” there shall be inserted the words “or the notional repayment”.

*C. W. Corlett*

*G. H. Bush*

2nd January 1996

Two of the Commissioners of Inland Revenue

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Insurance Companies (Pensions Business) (Transitional Provisions) Regulations 1992 (S.I.1992/2326) (“the principal Regulations”) which were made under powers contained in Schedule 19AB to the Income and Corporation Taxes Act 1988 (“Schedule 19AB” and “the 1988 Act” respectively). Schedule 19AB provides that insurance companies carrying on pension business shall be entitled to provisional repayments of tax on pension business investment income.

The amendments made by these Regulations have been made for two different reasons.

First, regulation 3 makes an amendment of a drafting nature, as Chapter I of Part XII of the 1988 Act refers to pension business and not to pensions business. Schedule 19AB is introduced by section 438A of the 1988 Act, and accordingly forms part of that Chapter. Section 438A of the 1988 Act was inserted by section 49(1) of the Finance Act 1991 (c. 31).

Secondly, regulations 4, 5 and 6 make amendments as a consequence of new enactments relating to the taxation of interest on gilt-edged securities. The amendments provide for the principal Regulations to extend to notional repayments of tax on pension business investment income attributable to interest on gilt-edged securities, for which provision is made in the Insurance Companies (Gilt-edged Securities) (Periodic Accounting for Tax on Interest) Regulations 1995 (S.I. 1995/3223), as well as to provisional repayments.