

## SCHEDULE

### EXPENSES OF COMPANIES WITH INVESTMENT BUSINESS AND INSURANCE COMPANIES

#### *Finance Act 2003*

#### **Corporation tax relief for employee share acquisition: shares: method of giving relief**

- 69.**—(1) In Schedule 23 to the Finance Act 2003(1), paragraph 9 is amended as follows.
- (2) For sub-paragraph (2) (investment company) substitute—
- “(2) If the company carrying on that business is a company with investment business, the amount of the relief is treated as expenses of management for the purposes of section 75 of the Taxes Act 1988.”.
- (3) For sub-paragraph (3) (insurance company carrying on life assurance business) substitute—
- “(3) If the company carrying on that business is an insurance company carrying on life assurance business, the amount of the relief shall be treated as expenses payable falling to be brought into account at Step 1 in section 76(7) of the Taxes Act 1988.”.

#### **Corporation tax relief for employee share acquisition: options: method of giving relief**

- 70.**—(1) In Schedule 23 to the Finance Act 2003, paragraph 16 is amended as follows.
- (2) For sub-paragraph (2) (investment company) substitute—
- “(2) If the company carrying on that business is a company with investment business the amount of the relief is treated as expenses of management for the purposes of section 75 of the Taxes Act 1988.”.
- (3) For sub-paragraph (3) (insurance company carrying on life assurance business) substitute—
- “(3) If the company carrying on that business is an insurance company carrying on life assurance business, the amount of the relief shall be treated as expenses payable to be brought into account at Step 1 in section 76(7) of the Taxes Act 1988.”.

#### **Restriction of deductions for employee benefit contributions: life assurance business**

- 71.**—(1) Schedule 24 to the Finance Act 2003 is amended as follows.
- (2) For paragraph 7 (life assurance business) substitute—

##### **“Life assurance business**

**7.**—(1) In the case of a company in relation to which section 76 of the Taxes Act 1988 applies (expenses of companies carrying on life assurance business) the effect of section 86 of the Finance Act 1989 (spreading of relief for acquisition expenses) shall be ignored in determining for the purposes of paragraph 1(1) whether a deduction would (apart from this Schedule) be made.

(2) But paragraph 1(4) above has effect subject to section 86 of the Finance Act 1989 where, in accordance with sub-paragraph (1) above, an amount is allowed as a deduction for a particular period under paragraph 1(4).

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(3) In construing that section, the employee benefit contributions shall be treated as expenses payable for that period which fall to be included at Step 1 in section 76(7) of the Taxes Act 1988.

(4) In the application of this Schedule to a company in relation to which section 76 of the Taxes Act 1988 applies—

- (a) any reference to a deduction in respect of employee benefit contributions shall be taken as a reference to an amount being brought into account under that section as expenses payable, and
- (b) references to deduction shall be construed accordingly.”.