
STATUTORY INSTRUMENTS

2007 No. 3430

The Insurance Companies (Taxation of Reinsurance Business) (Corporation Tax Acts) (Amendment) Order 2007

New insurance special purpose vehicles

2.—(1) In section 431 of the Income and Corporation Taxes Act 1988 (interpretative provisions relating to insurance companies)(1), after subsection (2) insert—

“(2YA) Where an insurance company becomes an insurance special purpose vehicle otherwise than on the last day of a period of account, it shall be treated as an insurance special purpose vehicle from the beginning of that period.”.

(2) In section 89 of the Finance Act 1989 (policy holders’ share of profits)(2), after subsection (7) insert—

“(7A) In a case where—

(a) the company becomes an insurance special purpose vehicle, and

(b) regulations made under section 84 of the Finance Act 2005(3) do not apply to it, subsection (7B) applies in the first period of account in which the company is an insurance special purpose vehicle (“the first period”).

(7B) Where this subsection applies, in computing a company’s Case I profits there shall be brought into account as a trading receipt of the company the amount, if any, by which the amount shown in line 51 of Form 14 of the periodical return for the period preceding the first period exceeds—

(a) the fund for future appropriations shown in the company’s IAD accounts, or

(b) the unallocated divisible surplus shown in the company’s IAS accounts,

as the case may be, for that preceding period.

(7C) In subsection (7B)—

“IAD accounts” means accounts drawn up in accordance with the Council Directive of 19th December 1991 on the annual accounts of insurance undertakings (No.91/674/EEC)(4);

“IAS accounts” means accounts prepared in accordance with international accounting standards.”.

(1) Section 431 has been relevantly amended by the insertion of the definition of “insurance special purpose vehicle” by article 4 (2) of [S.I. 2006/3270](#).

(2) [1989 c. 26](#).

(3) [2005 c. 7](#). Section 84 has been amended by section 101(1), (5) and (6) and section 178 of, and Part 3(19) of Schedule 26 to, the Finance Act 2006 ([c. 25](#)) and section 59(4) to (6) of the Finance Act 2007.

(4) O.J. L374, 31.12.1991, p7.