

**EXPLANATORY MEMORANDUM TO
THE FINANCE ACT 2007 (SCHEDULE 9) ORDER 2008**

2008 No. 379 (C.14)

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs ("HMRC") and is laid before the House of Commons by Command of Her Majesty.

2. Description

The Order makes provision as to the effect of the amendments made by paragraphs 4, 6 to 9, 10(3) to (5), 11 and 12 of Schedule 9 to the Finance Act 2007 ("the relevant amendments").

3. Matters of Special interest to the Select Committee on Statutory Instruments

None

4. Legislative Background

The relevant amendments relate to the taxation of insurance business transfer schemes and are to have effect in relation to transfers of business taking place on or after 1st July 2008. The relevant amendments are also to have effect subject to any provision made by an order under paragraph 16 of that Schedule ("paragraph 16") on or after the date on which the Order is made. Paragraph 16 provides for the Treasury to make provision by order in relation to insurance business transfer schemes, including the amendment or repeal of any provision of the Corporation Tax Acts.

5. Extent

The instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy Background

7.1 Schedule 9 to the Finance Act 2007 was enacted on the understanding that it was an interim solution as consultation on the necessary changes to the tax legislation on insurance business transfer schemes had not been completed by the time the Finance Bill 2007 was published.

7.2 Since then consultation has continued and changes are to be made to the legislation by an order under paragraph 16. Accordingly, it is now appropriate to make provision as to the effect of the relevant amendments (subject to any changes made by an order under paragraph 16).

7.3 The relevant amendments are to have effect in relation to transfers of business taking place on or after 1st July 2008. This will allow time for further discussion with the industry in preparation for the new legislation.

7.4 Guidance on the taxation of insurance business transfer schemes will be included in HMRC's Life Assurance Manual.

8. Impact

8.1 A preliminary Regulatory Impact Assessment was included in the Technical Consultative Document – see <http://www.hmrc.gov.uk/life-assurance/consultation.htm>. A full Regulatory Impact Assessment may be published when the overall consultation is complete.

8.2 The impact on the public sector is nil.

9. Contact

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