

**2015 No. 1959**

**CORPORATION TAX**

**The Insurance Companies (Amendment to Section 129 of, and Schedule 17 to, the Finance Act 2012) Regulations 2015**

<i>Made</i>	- - - -	<i>1st December 2015</i>
<i>Laid before the House of Commons</i>		<i>2nd December 2015</i>
<i>Coming into force</i>	- -	<i>31st December 2015</i>

The Treasury make the following Regulations in exercise of the powers conferred by section 129(9) of, and paragraph 37 of Schedule 17 to, the Finance Act 2012(a):

**Citation and commencement**

1. These Regulations may be cited as the Insurance Companies (Amendment to Section 129 of, and Schedule 17 to, the Finance Act 2012) Regulations 2015 and come into force on 31st December 2015 and have effect in respect of transfers of business which occur on or after that date.

**Amendment of section 129(8) (intra-group transfers and demutualisation)**

2.—(1) Section 129(8) of the Finance Act 2012 is amended as follows.

- (2) Insert “relevant” before “liabilities” in paragraph (a) and before “assets” in paragraph (b).
- (3) For the words after paragraph (b), substitute—

“In this paragraph, “relevant liabilities” and “relevant assets” means those liabilities and assets which give rise to amounts that are taken into account as part of the calculation under Chapter 6 of Part 2, and “relevant time” means the time immediately before the transfer (in the case of the transferor) and the time immediately after it (in the case of the transferee).”.

**Amendment of paragraph 13 of Schedule 17 (transitional provision)**

3.—(1) Paragraph 13 of Schedule 17 to the Finance Act 2012 is amended as follows.

- (2) In sub-paragraph (4)(a), for “proportion” substitute “amount”.
- (3) For sub-paragraph (5) substitute—

“(5) In sub-paragraph (4)(a), “the appropriate amount” means the amount which fairly represents the value of the receipts or expenses attributable to the part of the business transferred immediately before the transfer.”.

## Insertion of paragraph 35A of Schedule 17

4. After paragraph 35 of Schedule 17 to the Finance Act 2012 (but within Part 2 of that Schedule) insert—

“**35A.**—(1) Sub-paragraph (2) applies to assets which by reason of paragraph 35 (or the previous application of this paragraph) are regarded for the purposes of this Part as assets forming part of the long-term business fixed capital of a company (“company A”).

(2) Where—

- (a) company A transfers all of its basic life assurance and general annuity business and non-BLAGAB business to another company (“company B”), and
- (b) the transfer is a relevant intra-group transfer,

for the purposes of this Part the assets form part of the long-term business fixed capital of company B instead of company A.

(3) “Relevant intra-group transfer” has the same meaning for the purposes of this paragraph as it has for the purposes of paragraph 13.”.

*Charlie Elphicke*  
*David Evennett*

1st December 2015

Two of the Lords Commissioners of Her Majesty’s Treasury

### EXPLANATORY NOTE

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

The Regulations make amendments to section 129(8) of, and Schedule 17 to, the Finance Act 2012 (c. 14) (“the Act”). Sections 128 to 130 of the Act concern transfers of basic life assurance and general annuity business (“BLAGAB”) and section 129 makes provision in respect of intra-group transfers and demutualisation.

By regulation 2, subsection (8) of section 129 is amended such that the liabilities and assets taken into account for the purposes of calculating the BLAGAB trade profit or loss are those taken into account as part of the calculation under Chapter 6 of Part 2 of the Act (trade calculation rules applying to long-term business).

Schedule 17 to the Act makes transitional provision and paragraphs 11 to 15 of that Schedule concern the period over which deemed receipts or expenses arise. Paragraph 13 makes provision in relation to insurance business transfer schemes concerning BLAGAB or non-BLAGAB long-term business where the transfer is a relevant intra-group transfer (defined in paragraph 13(2)).

By regulation 3, sub-paragraph (5) of paragraph 13 is amended in relation to the amount of receipts or expenses which are treated as arising to the transferee and transferor under sub-paragraph (4) (transfer of part of a business).

Paragraph 35 of Schedule 17 to the Act concerns assets of the shareholder fund of an insurance company and includes provision, for the purposes of Part 2 of Schedule 17, in respect of assets forming part of the long-term business fixed capital of a company.

By regulation 4, paragraph 35A is added to Part 2 of Schedule 17 such that provision is made concerning those assets on an intra-group transfer.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

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