
STATUTORY INSTRUMENTS

2018 No. 538

The Insurance Companies (Taxation of Re-insurance Business) Regulations 2018

PART 3

Section 90 of the Act – tax treatment of the cedant - prescribed arrangements

Excluded and non-excluded business

8.—(1) A re-insurance arrangement is prescribed where condition 1 or 2 is satisfied in relation to the arrangement.

(2) Condition 1 is satisfied where the business being re-insured is excluded business by virtue of regulation 5 and—

- (a) in cases where the re-insurer is resident in the UK, where section 68 of the Act applies to the re-insurer in respect of the investment return; or
- (b) in cases where the re-insurer is resident outside of the UK and the re-insurance arrangement is effected by the re-insurer through a permanent establishment situated in the UK, where section 68 of the Act applies to the permanent establishment in respect of the investment return.

(3) Condition 2 is satisfied where—

- (a) section 68 of the Act applies to the cedant in respect of the investment return on the backing assets; and
- (b) if an amount is due by the cedant to the re-insurer in return for the cedant having use of the backing assets, none of the amount reduces the I minus E profit of the cedant.