

---

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1991,  
Cross Heading: Transitional relief for old general annuity contracts. (See end of Document for details)*

---

## SCHEDULES

### SCHEDULE 7

#### BASIC LIFE ASSURANCE AND GENERAL ANNUITY BUSINESS

##### *Transitional relief for old general annuity contracts*

- 16 (1) [<sup>F1</sup>In the [<sup>F2</sup>application of the I - E rules in relation to an accounting period of an insurance company, an amount equal to the lesser of the following amounts is to be treated (if it is not nil) for the purposes of section 76 of the Finance Act 2012 as a deemed BLAGAB management expense for the accounting period] that is to say—]
- (a) A, and
  - (b)  $A - (R1 - R2 + C - SV - DB)$ ,
- and if the result of the formula in paragraph (b) above is a negative amount, it shall be taken to be nil.
- (2) For the purposes of sub-paragraph (1) above—
- A is the gross amount of any annuities paid in the accounting period so far as referable to old annuity contracts;
  - R1 is the amount of the company's opening liabilities for the accounting period in respect of old annuity contracts [<sup>F3</sup>but taking that amount as nil if it would otherwise be below nil];
  - R2 is the amount of the company's closing liabilities for the accounting period in respect of old annuity contracts [<sup>F3</sup>but taking that amount as nil if it would otherwise be below nil];
  - C is the amount of any consideration received in the accounting period in respect of old annuity contracts;
  - SV is the amount of any sums paid in the accounting period by reason of the surrender of rights conferred by old annuity contracts;
  - DB is the amount of any death benefits paid in the accounting period in respect of old annuity contracts.
- <sup>F4</sup>(3) .....
- <sup>F4</sup>(4) .....
- (5) If, in the case of an annuity under a group annuity contract made by an insurance company in an accounting period beginning before 1st January 1992—
- (a) the company's liabilities first include an amount in respect of that annuity in an accounting period beginning on or after that date, and
  - (b) the company's liability in respect of that annuity is referable to its basic life assurance and general annuity business,
- the group annuity contract, so far as relating to that annuity, shall be treated for the purposes of this paragraph, other than this sub-paragraph, as if it had been made in

*Changes to legislation:* There are currently no known outstanding effects for the Finance Act 1991.  
 Cross Heading: Transitional relief for old general annuity contracts. (See end of Document for details)

an accounting period beginning on or after 1st January 1992 (and were, accordingly, not an old annuity contract).

(6) If, in the case of an annuity which is subject to a reinsurance treaty made by the reinsurer in an accounting period beginning before 1st January 1992—

- (a) the reinsurer’s liabilities first include an amount in respect of that annuity in an accounting period beginning on or after that date, and
- (b) the reinsurer’s liability in respect of that annuity is referable to its basic life assurance and general annuity business,

the reinsurance treaty, as respects the reinsurer and so far as relating to that annuity, shall be treated for the purposes of this paragraph, other than this sub-paragraph, as if it had been made in an accounting period beginning on or after 1st January 1992 (and were, accordingly, not an old annuity contract).

(7) In this paragraph—

“general annuity contract means an annuity contract so far as referable to general annuity business;

“group annuity contract means a contract between an insurance company and some other person under which the company undertakes to become liable to pay annuities to or in respect of such persons as may subsequently be specified or otherwise ascertained under or in accordance with the contract (whether or not annuities under the contract are also payable to or in respect of persons who are specified or ascertained at the time the contract is made);

“old annuity contract means a general annuity contract made by an insurance company in an accounting period beginning before 1st January 1992 [<sup>F5</sup>(including one forming part of the business transferred to another insurance company by an insurance business transfer scheme)];

“reinsurance treaty means a contract under which one insurance company is obliged to cede, and another (in this paragraph referred to as a “reinsurer”) to accept, the whole or part of a risk of a class or description to which the contract relates;

<sup>F6</sup> ...

[<sup>F7</sup>(8) Where—

- (a) business is transferred to an insurance company by an insurance business transfer scheme during an accounting period of the company, and
- (b) the business transferred consists of or includes old annuity contracts (“the transferred contracts”),

the reference in the definition of R1 in sub-paragraph (2) above to the company's opening liabilities for the accounting period is, in relation to the transferred contracts, a reference to the company's liabilities in respect of the transferred contracts immediately after the transfer.]

#### Textual Amendments

**F1** Words in Sch. 7 para. 16(1) substituted (with effect in relation to accounting periods beginning after 5.3.1997 in accordance with s. 67(7) of the amending Act) by Finance Act 1997 (c. 16), s. 67(6)

**F2** Words in Sch. 7 para. 16(1) substituted (17.7.2012) by Finance Act 2012 (c. 14), Sch. 16 para. 71

**F3** Words in Sch. 7 para. 16(2) inserted (with effect for periods of account ending on or after 31.12.2006 (whenever beginning)) by The Insurance Companies (Corporation Tax Acts) (Amendment) Order 2007 (S.I. 2007/1031), arts. 1, 14(2)

---

**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 1991,  
Cross Heading: Transitional relief for old general annuity contracts. (See end of Document for details)

---

- F4** Sch. 7 para. 16(3)(4) repealed (with effect in relation to accounting periods beginning after 5.3.1997) by 1997 c. 16, s. 113, **Sch. 18 Pt. VI(6) Note**
- F5** Words in Sch. 7 para. 16(7) inserted (with effect in relation to periods of account beginning on or after 1.1.2007) by Finance Act 2007 (c. 11), **Sch. 9 para. 13(2)** (with Sch. 9 para. 17(1))
- F6** Words in Sch. 7 para. 16(7) repealed (with effect in relation to periods of account beginning on or after 1.1.2007) by Finance Act 2007 (c. 11), Sch. 10 para. 14(4), **Sch. 27 Pt. 2(10)** (with Sch. 10 para. 17(2))
- F7** Sch. 7 para. 16(8) inserted (with effect in relation to periods of account beginning on or after 1.1.2007) by Finance Act 2007 (c. 11), **Sch. 9 para. 13(3)** (with Sch. 9 para. 17(1))

---

**Modifications etc. (not altering text)**

- C1** Sch. 7 para. 16 modified (31.12.2012) by The Friendly Societies (Modifications of the Tax Acts) Regulations 2012 (S.I. 2012/3008), regs. 1(1), **3** (with regs. 1(2), 2)

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1991, Cross Heading:  
Transitional relief for old general annuity contracts.