

*Status: Point in time view as at 06/04/2005.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Part 2. (See end of Document for details)*

## SCHEDULES

### [<sup>F1</sup>SCHEDULE 20A

#### LLOYD’S UNDERWRITERS: CONVERSION TO LIMITED LIABILITY UNDERWRITING

##### Textual Amendments

**F1** Sch. 20A inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [Sch. 25 para. 3](#)

#### PART 2

##### CONVERSION TO UNDERWRITING THROUGH SUCCESSOR PARTNERSHIPS

###### *Introduction*

- 6 (1) This Part of this Schedule applies if the following conditions are satisfied.
- (2) Condition 1 is that—
- (a) a member gives notice of his resignation from membership of Lloyd’s in accordance with the rules or practice of Lloyd’s,
  - (b) in accordance with such rules or practice, the member does not undertake any new insurance business at Lloyd’s after the end of the member’s last underwriting year, and
  - (c) the member does not withdraw that notice.
- (3) Condition 2 is that all of the member’s outstanding syndicate capacity is disposed of by the member under a conversion arrangement to a successor partnership (“the syndicate capacity disposal”) with effect from the beginning of the underwriting year next following the member’s last underwriting year.
- (4) Condition 3 is that the member is the only person who disposes of syndicate capacity under a conversion arrangement to the successor partnership.
- (5) Condition 4 is that the successor partnership starts to carry on its underwriting business in the underwriting year next following the member’s last underwriting year.
- (6) In this paragraph “the member’s last underwriting year”, in relation to a member who gives notice of his resignation from membership of Lloyd’s, means the underwriting year during which, or at the end of which, he ceases to be an underwriting member and becomes a non-underwriting member in accordance with the rules or practice of Lloyd’s.
- (7) In this paragraph “outstanding syndicate capacity”, in relation to a member, means the syndicate capacity of the member other than any which—
- (a) the member disposes of to a person other than a successor member at or before the end of the member’s last underwriting year, or

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- (b) ceases to exist with effect from the end of that year.

*Income tax: carry forward of loss relief following conversion*

- 7 (1) This paragraph applies if—
- (a) the member’s total income for a year of assessment includes profits of the successor partnership’s underwriting business, and
  - (b) throughout the period beginning with the time of the syndicate capacity disposal and ending with the end of that year of assessment, the member is beneficially entitled to more than 50% of the profits of that business.
- (2) Section 385 of the Taxes Act 1988 (carry-forward of trading losses against subsequent profits) shall have effect, in its application in relation to the losses of the old underwriting business, as if the profits of the successor partnership’s underwriting business to which the member is beneficially entitled for that year were profits on which the member was assessed under [F2 Part 2 of the Income Tax (Trading and Other Income) Act 2005 ] in respect of the old underwriting business for that year.
- (3) In sub-paragraph (2) above “the old underwriting business” means the member’s underwriting business carried on otherwise than through the successor partnership.

**Textual Amendments**

- F2** Words in Sch. 20A para. 7(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 466\(3\)](#) (with Sch. 2)

*Interpretation of this Part of this Schedule*

- 8 In this Part of this Schedule—
- “successor partnership” means a limited partnership formed under the law of Scotland which is a successor member;
  - “the syndicate capacity disposal” has the meaning given by paragraph 6(3) above.]

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