



Finance Act 2002

2002 CHAPTER 23

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 2

OTHER PROVISIONS

Computation of profits

65 Postponement of change to mark to market in certain cases

(1) This section applies in relation to the computation in accordance with the provisions [^{F1}applicable for the purposes of section 35 of the Corporation Tax Act 2009 (charge on trade profits)] of the profits of the insurance business, other than life assurance business, of—

- (a) an insurance company,
- (b) a corporate member of Lloyd's, or
- (c) a controlled foreign company.

(2) For periods of account to which this section applies nothing in—

- ^{F2}(a)
- (b) [^{F3}section 46 of the Corporation Tax Act 2009] (computation of profits to be on basis giving true and fair view),

prevents the company from computing the profits of that business on a realisation basis rather than a mark to market basis.

A “realisation basis” means not recognising a profit or loss on an asset until it is realised, and a “mark to market basis” means bringing assets into account in each period of account at a fair value.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, Section 65. (See end of Document for details)

- (3) Subject to subsection (4), this section applies in relation to any period of account that—
- (a) began before 1st August 2001, and
 - (b) ends before 31st July 2002.
- (4) This section does not apply if—
- (a) an earlier period of account beginning on or after 1st January 2001 ended with an accounting date different from that with which the previous period of account ended,
 - (b) the change of accounting date was notified—
 - (i) to the registrar of companies, or
 - (ii) in the case of a company established under the law of a country or territory outside the United Kingdom, to the corresponding authority of that country or territory,
 on or after 17th April 2002, and
 - (c) the purpose, or one of the purposes, for which the change was made was so that a subsequent period of account would be one to which section 64 above applies (computation of profits: adjustment on change of basis).
- (5) In this section—
- “controlled foreign company” has the same meaning as in Chapter 4 of Part 17 of the Taxes Act 1988; and
- “corporate member of Lloyd’s” means a corporate member as defined in section 230(1) of the Finance Act 1994 (c. 9).

Textual Amendments

- F1** Words in s. 65(1) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 531(2)** (with Sch. 2 Pts. 1, 2)
- F2** S. 65(2)(a) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F3** Words in s. 65(2)(b) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 531(3)** (with Sch. 2 Pts. 1, 2)

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2002, Section 65.