

*Status: Point in time view as at 07/12/2007.*

*Changes to legislation: Finance Act 2003, Paragraph 20 is up to date with all changes known to be in force on or before 19 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 33

#### INSURANCE COMPANIES

##### *Transfers of business*

20 (1) In the Taxes Act 1988, after section 444AB (inserted by paragraph 19(1)) insert—

#### **“444AC Transfers of business: modification of s.83(2) FA 1989**

- (1) This section applies where an insurance business transfer scheme has effect to transfer long-term business from one person (“the transferor”) to another (“the transferee”).
- (2) If—
  - (a) the element of the transferee’s line 15 figure representing the transferor’s long-term insurance fund, exceeds
  - (b) the amount of the liabilities to policy holders and annuitants transferred to the transferee,the excess is not to be regarded as other income of the transferee for the purposes of section 83(2)(d) of the Finance Act 1989.
- (3) In this section and section 444AD “the element of the transferee’s line 15 figure representing the transferor’s long-term insurance fund” means so much of—
  - (a) the amount which is brought into account by the transferee as other income in the period of account of the transferee in which the transfer takes place, as represents
  - (b) the assets transferred to the transferee.

#### **444AD Transfers of business: modification of s.83(2B) FA 1989**

- (1) This section applies where an insurance business transfer scheme has effect to transfer long-term business from one person (“the transferor”) to another (“the transferee”).
- (2) If the transferor and the transferee jointly elect, section 83(2B) of the Finance Act 1989 does not apply to the transferor by reason of the transfer as respects so much of the value of the assets to which it would otherwise so apply as does not exceed the amount specified in subsection (4) below.
- (3) An election under subsection (2) above—
  - (a) is irrevocable, and
  - (b) is to be made by notice to an officer of the Board no later than the end of the period of 28 days beginning with the day following that on which the transfer takes place;

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and a copy of the notice containing the election must accompany the tax return of the transferee for the first accounting period ending after the transfer.

Paragraphs 54 to 60 of Schedule 18 to the Finance Act 1998 (claims and elections for corporation tax purposes) do not apply to such an election.

- (4) The amount referred to in subsection (2) above is the amount by which—
  - (a) the fair value of the assets of the long-term insurance fund of the transferee immediately after the transfer, is greater than
  - (b) the element of the transferee’s line 15 figure representing the transferor’s long-term insurance fund.
- (5) In subsection (4) above “fair value”, in relation to assets, means the amount which would be obtained from an independent person purchasing them or, if the assets are money, its amount.

**444AE Transfers of business: modification of s.83ZA FA 1989**

- (1) This section applies where an insurance business transfer scheme has effect to transfer long-term business from one person (“the transferor”) to another (“the transferee”).
- (2) If a contingent loan made to the transferor (within the meaning of subsection (1) of section 83ZA of the Finance Act 1989) is transferred to the transferee, that section has effect as if—
  - (a) the contingent loan had become repayable by the transferor immediately before the transfer, and
  - (b) the contingent loan were made to the transferee immediately after the transfer.”.
- (2) In section 431(2) of the Taxes Act 1988, after the definition of “basic life assurance and general annuity business” insert—
 

““brought into account” has the meaning given by section 83A of the Finance Act 1989;”.
- (3) This paragraph has effect in relation to insurance business transfer schemes taking place on or after 1st January 2003.

<sup>F1</sup>(4) .....

**Textual Amendments**  
**F1** Sch. 33 para. 20(4) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(9\)](#)

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