

FINANCE ACT 2012

EXPLANATORY NOTES

INTRODUCTION

Sections 55 to 179 Schedules 16 to 19: Solvency II and the Taxation of Life Insurance Companies

Details of the Sections

Part 2

Chapter 5

37. Chapter 5 sets out the rate of tax to be applied to the policyholders' share of the I-E profit and sets out how that share is to be determined.
38. Section 102 defines the rate of tax applicable to the policyholders' share of the I – E profit as the basic rate for income tax.
39. Section 103 sets out how the policyholders' share of the I – E profit is to be determined. For mutual insurance companies, the whole of the profit is attributable to policyholders.
40. Sections 104 and 105 explain terms used in sections 103 and 104.
41. Section 106 provides for a deduction in the calculation of the BLAGAB trade profits for tax of the accounting period charged at the policyholder rate.
42. Section 107 provides for an adjustment to BLAGAB trade profits in respect of deferred policyholder tax, and explains how it is to be calculated.
43. Section 108 defines terms used in section 107 and specifies the BLAGAB assets and liabilities in respect of which an adjustment may arise under that section. HM Treasury is given a power to amend by regulation the list of BLAGAB assets and liabilities.