



# Finance (No. 2) Act 2023

## 2023 CHAPTER 30

### PART 1

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

##### *Provisions relating to insurance*

### **30 Transfer of basic life assurance and general annuity business**

- (1) In Part 2 of FA 2012 (insurance companies carrying on long-term business), after section 130 insert—

#### **“130A Re-insurance in the course of transfer of BLAGAB**

- (1) This section applies to a re-insurer in relation to the re-insurance of the whole, or part of, a cedant’s basic life assurance and general annuity business, if—
- (a) the business is not excluded business for the purposes of section 57(2)(e), and
  - (b) it is reasonable to suppose that the arrangements for the re-insurance are made, or are operated, in connection with an insurance business transfer scheme under which the business will be transferred to the re-insurer or a person connected with the re-insurer.
- (2) Where the arrangements are operated, but were not made, in connection with the insurance business transfer scheme, this section is to apply to the re-insurer from the later of—
- (a) the beginning of the accounting period in which it is reasonable to suppose that the arrangements were first operated in connection with the transfer, and
  - (b) 15 December 2022.
- (3) Where this section applies in relation to re-insurance, that re-insurance (so far as it is of basic life assurance and general annuity business) is to be treated

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as excluded business for the purposes of section 57(2)(e) (and that business is referred to in this section as “the re-insured business”).

- (4) Accordingly—
- (a) the re-insured business is, or forms part of, the separate basic life assurance and general annuity business of the re-insurer (see section 66(2)), and
  - (b) accounting profit or loss and the tax adjustments (within the meaning of section 114(4)) referable to the re-insured business are, for the purposes of provision made by or under this Part or Schedule 5 to FA 2022, to be allocated to the basic life assurance and general annuity business.
- (5) But, subject to [subsection \(6\)](#), no amount referable to the re-insured business is to be included in the determination of the I-E profit of the re-insurer for an accounting period (and accordingly, subject to that subsection, the I-E profit referable to that business for the accounting period will be nil).
- (6) Any BLAGAB trade loss relieved for an accounting period (see section 78(5)) that is referable to the re-insured business is to be included (as a deduction in Step 4 in section 76) in determining the adjusted BLAGAB management expenses of the re-insurer for the accounting period (which, accordingly, may result in the I-E profit referable to that business for the accounting period being greater than nil).
- (7) Nothing in this section is to be taken to affect the liability of the cedant to corporation tax.
- (8) For the purposes of this section “arrangements” includes any agreement, scheme, transaction or understanding (whether or not legally enforceable).
- (9) Section 1122 of CTA 2010 (connected persons) has effect for the purposes of this section.”
- (2) The amendment made by [this section](#) is treated as having come into force on 15 December 2022 and applies to the re-insurance of basic life assurance and general annuity business whenever the arrangements for that re-insurance were made.
- (3) Where, on or after 15 December 2022, a re-insurer adopts IFRS 17 in relation to one or more accounting periods that commence before that date, the amendment made by [this section](#) has effect, in relation to that re-insurer, for those accounting periods.
- (4) In [subsection \(3\)](#) “IFRS 17” means International Financial Reporting Standard 17 (insurance contracts) issued by the International Accounting Standards Board.

### **31 Certain re-insurance sums not to count as deemed I-E receipts**

- (1) Section 92 of FA 2012 (certain BLAGAB trading receipts to count as deemed I-E receipts) is amended as follows.
- (2) In subsection (5)—
- (a) after paragraph (a) insert—
    - “(aa) sums paid to the company under re-insurance arrangements under which the re-insurer assumes substantially all of the

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- insurance risks relating to the business that is re-insured,”  
and
- (b) in paragraph (b), after “sums” insert “, other than sums falling within [paragraph \(aa\)](#),”.
- (3) In subsection (6), in the words before paragraph (a), after “contract” insert “, other than a sum falling within [paragraph \(aa\)](#),”.
- (4) The amendments made by this section have effect for accounting periods ending on or after 15 December 2022.

## **32 Insurers in difficulties: write-down orders for corporation tax purposes**

- (1) In Part 3 of CTA 2009 (trading income), after section 130 insert—

### **“130A Insurers in financial difficulties: write-down orders**

- (1) A receipt or expense that is attributable to the operation of a write-down order, or to a write-down order ceasing to have effect, is not brought into account in calculating the profits of a trade.
- (2) In this section “write-down order” means an order under section 377A of the Financial Services and Markets Act 2000 (court order writing down liabilities of insurer).”
- (2) Part 5 of CTA 2009 (loan relationships) is amended as follows.
- (3) After section 323A insert—

### **“323B Insurers in financial difficulties: write-down orders**

- (1) Subsection (2) applies if a debtor relationship of a company is modified by a write-down order.
- (2) The company is not required to bring into account for the purposes of this Part a credit in respect of any change in the carrying value of the liability representing the modified debtor relationship.
- (3) If as a result of subsection (2) no credit was brought into account in respect of a change in the carrying value of a liability representing a debtor relationship, the company may not bring into account a debit for the purposes of this Part in respect of a change in the carrying value of that liability, to the extent that the change represents a reversal of the change in carrying value to which subsection (2) applied.
- (4) In this section “write-down order” means an order under section 377A of the Financial Services and Markets Act 2000 (court order writing down liabilities of insurer).”
- (4) In section 465B (“tax-adjusted carrying value”), in subsection (9), after paragraph (d) insert—
- “(da) section [323B](#) (insurers in financial difficulties: write-down orders),”.

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### **33 Insurers in difficulties: write-down orders in case of pension schemes**

- (1) In Part 4 of FA 2004 (pension schemes), Schedule 28 (registered pension schemes: authorised pensions - supplementary) is amended as follows.
- (2) In paragraph 3 (definition of “lifetime annuity”), in sub-paragraph (2A)—
  - (a) the words after “by reason of the operation of” become paragraph (a);
  - (b) at the end of that paragraph insert “, or”;
  - (c) after that paragraph insert—
    - “(b) an order under section 377A of the Financial Services and Markets Act 2000 (court order writing down liabilities of insurer).”
- (3) In paragraph 17 (definition of “dependants’ annuity”), in sub-paragraph (2)—
  - (a) the words after “by reason of the operation of” become paragraph (a);
  - (b) at the end of that paragraph insert “, or”;
  - (c) after that paragraph insert—
    - “(b) an order under section 377A of the Financial Services and Markets Act 2000 (court order writing down liabilities of insurer).”

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