STATUTORY INSTRUMENTS

2007 No. 1616

CORPORATION TAX

The Finance Act 1994, Section 220 (Amendment) Regulations 2007

Made - - - -	*6th June 2007*
Laid before the House of Commons - - - -	*7th June 2007*
Coming into force - -	*1st July 2007*

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the power conferred by section 229(1)(b) of the Finance Act 1994(**1**), and now exercisable by them(**2**).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Finance Act 1994, Section 220 (Amendment) Regulations 2007 and shall come into force on 1st July 2007.

(2) These Regulations shall have effect for accounting periods ending on or after that date.

Amendment of section 220 of the Finance Act 1994

2. In section 220(2) (profits or losses arising to a corporate member of Lloyd's in any underwriting year) of the Finance Act 1994(**3**) for paragraph (b) substitute—

"(b) the profits or losses arising to a corporate member from assets forming part of a premium trust fund which shall be taken to be profits or losses of any underwriting year are—

(i) those allocated under the rules or practice of Lloyd's to any previous year or years the profits or losses of which are declared in that year, and

(ii) those arising in that year and not so allocated to any previous year or years.".

(**1**) 1994 c. 9; section 229 was renumbered as section 229(1) by section 45(5) of the Finance (No.2) Act 2005 (c. 22).

(**2**) The functions of the Commissioners of Inland Revenue were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5(2) of the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 50 of that Act provides that in so far as it is appropriate in consequence of section 5 a reference in an enactment, however expressed, to the Commissioners of Inland Revenue is to be read as a reference to the Commissioners for Her Majesty's Revenue and Customs.

(**3**) Section 220 was amended by article 87 of S.I. 2001/3629.

Paul Gray
Mike Eland
Two of the Commissioners for Her Majesty's Revenue and Customs

6th June 2007

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend section 220 of the Finance Act 1994 (c. 9) which contains provisions for determining which profits or losses are treated as arising to a corporate member of Lloyd's from its membership of an underwriting syndicate.

Subsection (2) of section 220 contains provisions defining which of the profits or losses arising to a corporate member of Lloyd's from membership of an underwriting syndicate are treated as arising in an underwriting year (a calendar year).

Paragraph (b) of subsection (2) provides that the profits or losses arising to a corporate member in any underwriting year from assets held in a corporate member's premium trust fund are those allocated, in that underwriting year and in accordance with the rules or practice of Lloyd's, to any previous underwriting years the profits of which previous years are declared in the underwriting year.

The amendment made to section 220 of the Finance Act 1994 is made as a result of a change in the practice of Lloyd's. Section 229(1)(b) of the Finance Act 1994 enables amendments to be made to Chapter 5 of Part 4 of the Finance Act 1994 (which includes section 220) in the event of any changes in the practice of Lloyd's.

Regulation 1 provides that these Regulations shall have effect in relation to accounting periods ending on or after 1st July 2007.

Regulation 2 substitutes a new paragraph (b) into subsection (2) of section 220. The effect of the substitution is to add a second category of profits or losses treated as arising in the underwriting year. This second category is the profits or losses arising from assets held in the corporate member's premium trust fund which are not allocated to any previous underwriting years.

A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.