

EXPLANATORY MEMORANDUM TO
THE INSURANCE COMPANIES (OVERSEAS LIFE ASSURANCE BUSINESS)
(EXCLUDED BUSINESS) (AMENDMENT No.2) REGULATIONS 2007

2007 No.3445

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs (HMRC) and is laid before the House of Commons by Command of Her Majesty.

2. Description

2.1 The Regulations amend the Insurance Companies (Overseas Life Assurance Business) (Excluded Business) Regulations 2000 (SI 2000/2089 as amended) to allow business with a larger class of overseas pension schemes to qualify for a "fast track" eligibility to be treated as overseas life assurance business of a company carrying on life assurance business.

2.2 The Regulations will have effect in relation to policies entered into on or after the date they come into force.

3. Matters of Special interest to the Select Committee on Statutory Instruments

None

4. Legislative Background

The Regulations are made under section 431D of the Income and Corporation Taxes Act 1988 (ICTA). They amend SI 2000/2089 which excludes certain life assurance business from being overseas life assurance business (OLAB).

5. Extent

The instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy Background

7.1 The Insurance Companies (Overseas Life Assurance Business) (Excluded Business) Regulations 2000 determine what business of a life assurance company is entitled to be OLAB. Among the classes of business so

entitled are business with the managers of certain overseas pension schemes. Following major reforms to the tax treatment of pension schemes, SI 2004/3274 amended SI 2000/2089 to reflect the new legislation.

- 7.2 The class of overseas pensions schemes specified in SI 2004/3274 was one of a number of classes. The insurance industry has suggested that the particular class chosen is too narrow, and does not allow many schemes which previously qualified for “fast track” recognition as business which is to be treated as overseas life assurance business. The Regulations widen the class of schemes which are automatically treated as overseas life assurance business.
- 7.3 Guidance on the effect of the Regulations will be included in HMRC’s Life Assurance Manual and in its OLAB Guidance Notes.

8. Impact

- 8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.
- 8.2 The impact on the public sector is nil.

9. Contact

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