
EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends various life insurance tax provisions in relation to insurance special purpose vehicles to take account of amendments to primary legislation made by the Finance Act 2007, the Finance Act 2008 and the Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 ([S.I. 2008/381](#)).

Article 1 provides for citation, commencement and effect. Authority for the retrospective effect of the Order is given by section 431A(2C) of the Income and Corporation Taxes Act 1988 (“ICTA”).

Article 2 amends 444AB of ICTA (transfer schemes transferring whole of business: transferor) in relation to all insurance special purpose vehicles.

Article 3 makes provisions amending Schedule 19ABA to ICTA in relation to insurance special purpose vehicles which carry on basic life assurance and general annuity business. Paragraph (2) substitutes paragraph 8 of the Schedule to modify section 444AA (transfers of business: deemed periodic return). Paragraph (3) inserts new paragraphs 8A to 8F which modify respectively sections 444ABA (relevant non-transferred assets), 444ABB (retained assets), 444ABD (transferor’s period of account including transfer), 444AC (transfer schemes: reduction of income of transferee), 444AE (transfers of business: FAFTS) and 444AEA (transfer schemes: anti-avoidance rule).

Paragraph (4) inserts a new paragraph 20A which omits sections 83YC to 83YF (financing-arrangement-funded transfers) of the Finance Act 1989.

A full and final Impact Assessment has not been produced for this instrument as a negligible impact on the private or voluntary sectors is foreseen.