

**EXPLANATORY MEMORANDUM TO
THE INSURANCE COMPANIES (OVERSEAS LIFE ASSURANCE BUSINESS)
(EXCLUDED BUSINESS) (AMENDMENT) REGULATIONS 2008**

2008 No. 2625

1. This explanatory memorandum has been prepared by HM Revenue and Customs on behalf of HM Treasury and is laid before the House of Commons by Command of Her Majesty. This memorandum contains information for the Select Committee on Statutory Instruments.

2. Description

This instrument amends the Overseas Life Assurance Business (Excluded Business) (Amendment) Regulations 2000 (S.I. 2000/2089: the “2000 Regulations”) to update cross-references to primary legislation.

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

None

4. Legislative Background

4.1 The 2000 Regulations provide for that certain types of policy and policyholder do not come within the definition of overseas life assurance business, and so favourable tax treatment of that business is not available to the insurer.

4.2 The 2000 Regulations refer to provisions of the Income and Corporation Taxes Act 1988 (“ICTA”). In 2005 those provisions so far as applying to individuals were rewritten in the Income Tax (Trading and Other Income) Act 2005 (“ITTOIA”). The references in the 2000 regulations were not amended and Part 1 of Schedule 2 to ITTOIA made the necessary translation.

4.3 Schedule 14 to the Finance Act 2008 repeals the ICTA provisions. These Regulations therefore substitute the ITTOIA provisions for the ICTA ones.

4.4 They also update other references to ICTA relating to trusts so as to become references to the relevant part of ITTOIA.

5. Territorial Extent and Application

This 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 This instrument is made to keep secondary legislation affecting insurance companies up to date.
- 7.2 A draft of these Regulations has been circulated to appropriate bodies and persons within the insurance industry and their advisers.
- 7.3 Guidance on the changes will be incorporated in HMRC's Life Assurance Manual

8. Impact

- 8.1 A full and final Impact Assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.
- 8.2 There is no impact on the public sector.

9. Contact

Danny Berry at HM Revenue and Customs Tel: 020 7147 2574 or e-mail: Daniel.berry@hmrc.gsi.gov.uk can answer any queries regarding the instrument.