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STATUTORY INSTRUMENTS

2008 No. 381

The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008

Amendment of Schedule 7 to the Finance Act 2007

30. At the end of Part 2 of Schedule 7 to the Finance Act 2007 (insurance business: transitional provisions) add—

"**Section 444AZA Case I losses**

85.—(1) This paragraph applies where a loss (a "Case VI loss") is treated by virtue of section 444AZA of ICTA as a loss of the transferee (a "Case I loss").

(2) Where any Case VI losses would (assuming the transferor had continued to carry on the business transferred after the transfer) have been losses to which paragraph 81(1) would have applied, the amount of such losses to be treated as Case I losses in any period of account must not exceed—

$$GRBP \times \frac{PBTL}{GRBTL}$$

where—

"*GRBP*" has the same meaning as in section 444AZA(2) of ICTA,

"*PBTL*" is the mean of the opening and closing liabilities of the transferred pension business for the period of account, and

"*GRBTL*" is the mean of the opening and closing liabilities of the transferred gross roll-up business for the period of account.

Section 444AZB Case VI losses

86.—(1) This paragraph applies where section 444AZB of ICTA has effect in relation to a transferee and the circumstances specified in sub-paragraph (2) or (3) below apply.

(2) The circumstances are that—

(a) the profits of the life assurance business of the transferee for the period of account immediately preceding the first period of account beginning on or after 1st January 2007 were chargeable to tax in accordance with Case I of Schedule D by virtue of section 439A of ICTA([1]), and

(b) in that period, the transferee carried on pension business.

(3) The circumstances are that—

(a) paragraph 29 of Schedule 8 applies in relation to the transferee, and

(1) Section 439A was inserted by paragraph 26 of Schedule 8 to the Finance Act 1995 (c. 4) and repealed by paragraph 7 of Schedule 8 to the Finance Act 2007 (c. 11).

(b) the transferee has an unused pension business loss within the meaning given by paragraph 81(4).

(4) The appropriate fraction of any amount treated by virtue of section 444AZB(2) of ICTA as a loss of the transferee (a "Case VI loss") available to be set off against profits chargeable under section 436A of ICTA(**2**) is to be treated for the purposes of paragraph 81 as an unused pension business loss.

(5) The relevant fraction of any Case VI loss is to be treated for the purposes of paragraph 82 as an unused non-pension business loss.

(6) In this paragraph "the appropriate fraction", in relation to a period of account, is—

$$\frac{PBTL}{TL}$$

where—

"*PBTL*" is the mean of the opening and closing liabilities of the transferred pension business for the period of account, and

"*TL*" is the mean of the opening and closing liabilities of the transferred life assurance business for the period of account.

(7) In this paragraph the "the relevant fraction", in relation to a period of account, is—

$$\frac{NPBTL}{TL}$$

where—

"*NPBTL*" is the mean of the opening and closing liabilities of the transferred gross roll-up business which is not pension business for the period of account, and

"*TL*" is the mean of the opening and closing liabilities of the transferred life assurance business for the period of account."

(**2**) Section 436A was inserted by paragraph 25 of Schedule 7, and amended by paragraph 12 of Schedule 9, to the Finance Act 2007.