

2007 No. 2086

CORPORATION TAX

**The Insurance Companies (Overseas Life Assurance Business)
(Excluded Business) (Amendment) Regulations 2007**

<i>Made</i>	- - - -	<i>20th July 2007</i>
<i>Laid before the House of Commons</i>		<i>23rd July 2007</i>
<i>Coming into force</i>	- -	<i>13th August 2007</i>

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by section 431D of the Income and Corporation Taxes Act 1988(a).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Insurance Companies (Overseas Life Assurance Business) (Excluded Business) (Amendment) Regulations 2007 and shall come into force on 13th August 2007.

(2) Regulations 3, 5 and 6 have effect for accounting periods beginning on or after the date on which these Regulations come into force.

(3) Regulation 4 has effect in relation to policies or contracts made by an insurance company on or after the date on which these Regulations come into force.

Amendments to the Insurance Companies (Overseas Life Assurance Business) (Excluded Business) Regulations 2000

2. The Insurance Companies (Overseas Life Assurance Business) (Excluded Business) Regulations 2000(b) are amended as follows.

Amendment of regulation 3

3.—(1) For regulation 3 (life assurance business excluded from section 431D) substitute—

“Life assurance business prescribed for the purposes of section 431D(1A)(d)

3.—(1) Subject to paragraph (2), life assurance business is prescribed for the purposes of section 431D(1A)(d) (meaning of “overseas life assurance business”) if it is of a description—

(a) that does not fall within any of the circumstances set out in regulations 4 to 7; or

(a) 1988 c. 1; section 431D was inserted by paragraph 2 of Schedule 8 to the Finance Act 1995 (c. 4) and was amended by section 108 of the Finance Act 2000 (c. 17), paragraph 176 of Schedule 1 to the Income Tax (Trading and Other Income) Act 2005 (c. 5) and paragraph 9 of Schedule 7 to the Finance Act 2007 (c. 11).
(b) S.I. 2000/2089, relevantly amended by S.I. 2004/3274.

(b) that falls within the circumstances set out in regulation 9.

(2) Where a policy or contract for business is owned by two or more policy holders or annuitants who do not hold the policy or contract as trustees of the same trust, the business is prescribed for the purposes of section 431D(1A)(d) where, if any of the policy holders or annuitants were the only policy holder or annuitant, paragraph (1) would so prescribe it.”

(2) Accordingly, the heading before regulations 4 to 7 becomes “Circumstances where business not prescribed for the purposes of section 431D(1A)(d)”.

Amendment of regulation 7

4. In regulation 7 (circumstances where business not prescribed for the purpose of section 431D(1A)(d))(a), for paragraph (b) substitute—

“(b) the policy or the contract for the business is held for the purposes of, or in connection with, a scheme which is for the time being a qualifying overseas pension scheme within the meaning of paragraph 5 of Schedule 33 to the Finance Act 2004(b);”.

Insertion of regulation 9

5. After regulation 8 (trustees residing in the United Kingdom) add—

“Circumstances where business prescribed for the purposes of section 431D(1A)(d)

9.—(1) The circumstances set out in this regulation are where the benefits provided for under the policy or contract for the business are determined by reference to the value of assets consisting of or including land in the United Kingdom.

(2) In paragraph (1), “land” includes buildings and other structures, land covered with water and any estate, interest, easement, servitude, right or licence in or over land.”

Consequential amendments of enactments

6.—(1) In section 432A(7)(c)(i) of the Income and Corporation Taxes Act 1988 (apportionment of income and gains)(c), omit “441B and”.

(2) The following provisions are repealed—

- (a) section 441B of that Act (treatment of UK land)(d);
- (b) paragraph 32 of Schedule 8 to the Finance Act 1995 (life assurance business – general amendments); and
- (c) paragraph 41 of Schedule 5 to the Finance Act 1998 (rent and other receipts from land – minor and consequential amendments).

*Mike Eland
Dave Hartnett*

20th July 2007

Two of the Commissioners for Her Majesty’s Revenue and Customs

(a) Regulation 7 was relevantly amended by regulation 3 of S.I. 2004/3274.
(b) 2004 c. 12.
(c) Section 432A was inserted by paragraph 4 of Schedule 6 to the Finance Act 1990 (c. 29) and subsection (7) of that section was amended by article 5(4) of S.I. 2005/3465 and paragraph 13 of Schedule 7 to the Finance Act 2007.
(d) Section 441B was inserted by paragraph 32 of Schedule 8 to the Finance Act 1995 and amended by paragraph 41 of Schedule 5 to the Finance Act 1998 (c. 36).

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Insurance Companies (Overseas Life Assurance Business) (Excluded Business) Regulations 2000 (S.I. 2000/2089: “the principal Regulations”). The principal Regulations provide for certain life assurance business to be excluded from the definition of “overseas life assurance business” in section 431D(1) of the Income and Corporation Taxes Act 1988 (c. 1) (meaning of “overseas life assurance business”).

Regulation 1 provides for citation, commencement and effect.

Regulation 2 introduces the amendments to the principal Regulations which are contained in regulations 3 to 5.

Regulations 3 and 5 respectively amend regulation 3 (life assurance business excluded from section 431D) and insert a new regulation 9 (circumstances where business prescribed for the purposes of section 431D(1A)(d)) so as to exclude a class of life assurance business from the definition of “overseas life assurance business”. The new exclusion is intended to replace section 441B of the Income and Corporation Taxes Act 1988 which treats certain business as basic life assurance and general annuity business.

Regulation 4 makes a technical amendment simplifying regulation 7 (circumstances where business not excluded from section 431D).

Regulation 6 makes amendments to enactments which are consequential on the replacement of section 441B by the new exclusion provided for by the amendments made to the principal Regulations.

These Regulations, together with legislation in the Finance Act 2007 (c. 11), are part of the outcome of a continuing consultation process. A draft regulatory impact assessment was included as part of a consultation document, “Life Assurance Company Taxation – A Technical Consultative Document”, which was published by Her Majesty’s Revenue and Customs in May 2006. This is available at www.hmrc.gov.uk/consultations.

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