

Govt 121 + Govt 122 + Govt 129

Mr. Stephen Timms (Lab. East Ham)

Government Amendment 121

Schedule 7, page 125, line 39, leave out from ‘under’ to end of line 40 and insert ‘section 444ABD(1).’.

Government Amendment 122

Schedule 7, page 126, leave out lines 12 and 13 and insert ‘section 444ABD(1).’.

Government Amendment 129

Schedule 9, page 151, leave out lines 12 to 19

EXPLANATORY NOTE

SUMMARY

1. This amendment leaves out a rule allowing a loss to be created when an insurance company transfers business.

DETAILS

2. Section 444ABD of the Income and Corporation Taxes Act 1988 is inserted by paragraph 5 of Schedule 9. It sets out the circumstances in which a profit arises at the instant when long-term insurance business is transferred from one company to another. The need for this rule was pointed out by industry representatives in the course of the work of one of the working groups involved in the Consultation process.

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3. The new section also contains a rule about losses generated on a transfer. Industry representatives have pointed out that this loss could be over-generous and lead to double counting of losses. It is therefore being removed from the Bill.
4. It is intended to discuss with the industry whether a more limited loss rule is needed. If it is, it could be introduced by regulations made under the powers in paragraph 16 of Schedule 9.
5. The repeal of the loss rule has effect from Budget Day, from when the new section has effect. This is because there are no cases where a transfer has taken place between Budget Day and the tabling of the amendment.
6. The amendments to Schedule 7 are purely consequential on the amendment to Schedule 9.