

EXPLANATORY NOTE

**CLAUSE 40 SCHEDULE 17: LIFE ASSURANCE
COMPANIES ETC: AMENDMENTS 30 & 31**

SUMMARY

1. These amendments ensure that an error made in Committee stage amendment 107 is corrected, so that too great an amount of a life insurance company's profits is not charged at a reduced rate of tax.

DETAILS OF THE CLAUSE

2. Amendment 30 removes paragraph (b) from section 432A(2YC) of the Income and Corporation Taxes Act 1988 (ICTA) inserted into that Act by paragraph 18 of Schedule 17 to the Finance Bill. Paragraph (b) includes distributions from UK companies in the amount of BLAGAB income and gains, a concept defined in section 432A(2YC).
3. But not all cases where the concept of "BLAGAB income and gains" is used should include such distributions: in particular, in section 88 of the Finance Act (FA)1989 such distributions should be excluded.

4. Amendment 31 amends the version of section 85A(4) Finance Act 1989 substituted by paragraph 18 to add in a reference to distributions from UK companies.