

Amendment	Page	Line
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Mr Chancellor of the Exchequer

Amendment 123

Page **381**, line **48** [*Schedule 33*], at end insert—

“(3B) In subsection (3A)(a) above (and section 89(1B) below) “chargeable gains referable to the company’s basic life assurance and general annuity business”, in relation to an accounting period, means the chargeable gains so far as referable to that business accruing to the company in the accounting period after deducting—

- (a) any allowable losses so referable accruing to the company in the accounting period, and
- (b) so far as they have not been allowed as a deduction from chargeable gains in any previous accounting period, any allowable losses so referable previously accruing to the company.”.

EXPLANATORY NOTE

SUMMARY

1. This amendment inserts a new section 88(3B) into the Finance Act (“FA”) 1989 to clarify how the section applies to chargeable gains.

DETAILS

2. New section 88(3B) FA 1989 clarifies what is meant by the “chargeable gains referable to the company’s basic life assurance and general annuity business” (“BLAGAB”).
3. Section 8(1) Taxation of Chargeable Gains Act (“TCGA”) 1992 provides that references to chargeable gains as a component of a company’s total profits are references to the gains of the period, reduced by losses of the period, and unused losses of earlier

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periods. It has been claimed that it is unclear whether this meaning applies in section 88 FA 1989 when it refers to gains referable to BLAGAB, and since the concept is also used elsewhere to determine the policy holders' share of gains in section 89 FA 1989, and hence in new section 210A TCGA (inserted by paragraph 13 Schedule 33 to the Bill), there could be confusion and circularity unless the point was clarified. The amendment puts the point beyond doubt.