

Budget 2009



BN16

22 April 2009

UK DIVIDEND EXEMPTION FOR LLOYD'S CORPORATES

Who is likely to be affected?

1. Corporate members of the Lloyd's insurance market.

General description of the measure

2. Corporate members of the Lloyd's insurance market will no longer pay corporation tax (CT) on dividends and other distributions received from UK companies.
3. This will bring them into line with general insurance companies, who are not currently chargeable on UK dividends and distributions received.

Operative date

4. These changes will apply to dividends and other distributions received on or after 1 July 2009.

Current law and proposed revisions

5. Corporate members of the Lloyd's insurance market are subject to special tax provisions in Finance Act 1994. The effect of these is that both UK and foreign dividends received by a corporate member are charged to CT as part of its insurance trading profits.
6. Finance Bill 2009 will introduce provisions that repeal this part of the special Lloyd's tax code, with the effect that both UK and foreign dividends received by Lloyd's corporate members will become exempt from CT.
7. This will bring the tax treatment of dividends received by Lloyd's corporate members into line with those of general insurance companies.

Further advice

8. If you have any questions about this change, please contact Victor Baker on 020 7147 2616 (email: victor.j.baker@hmrc.gsi.gov.uk). Information about Budget measures is available on the HM Revenue & Customs website at www.hmrc.gov.uk

