

2003 No. []

INCOME TAX

The Non – resident Insurance Companies Regulations 2003

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| <i>Made</i> - - - - | 2003 |
| <i>Laid before the House of Commons</i> | 2003 |
| <i>Coming into force</i> - - | 2003 |

The Commissioners of Inland Revenue, in exercise of the powers conferred upon them by section 11AA(5) of the Income and Corporation Taxes Act 1988(a) and section 2(5) Finance Act 2003(b) hereby make the following Regulations:

1. These Regulations may be cited as the Non – resident Insurance Companies Regulations 2003 and shall have effect in respect of accounting periods of insurance companies beginning on or after 1st January 2003.

2. In these Regulations –

“insurance company” has the same meaning as it has in section 431(2) Income and Corporation Taxes Act 1988(c);

“free assets” means the amount by which the value of the assets of the permanent establishment is greater than the aggregate of the permanent establishment’s loan capital and technical provisions;

“permanent establishment” has the same meaning as it has in section 1 Finance Act 2003(d);

“technical provisions” means any of the following –

- (a) provisions for claims outstanding;
- (b) provisions for unearned premiums;
- (c) provisions for unexpired risks;

and in this definition expressions which are used in Schedule 9A to the Companies Act 1985 have the same meanings as in that Schedule;

“value” means the amount that, at the time at which the value falls to be determined, a company would obtain from an independent person for the transfer of all the company’s rights in respect of an asset.

3. In applying section 11AA(2) of the Income and Corporation Taxes Act 1988, in relation to an insurance company, it shall be assumed that the permanent establishment has free assets of an amount not less than it would have in the circumstances specified in that subsection.

(a) 1988 c.1. Section 11AA was inserted by section 2(2) Finance Act 2003 (c.[]) with effect in relation to accounting periods beginning on or after 1st January 2003.

(b) 2003 c.[].

(c) 1988 c.1. This definition was amended by SI 2001/3629 with effect for periods of account ending on or after 1st December 2001.

(d) 2003 c.[].

4. Section 11AA(3) of the Income and Corporation Taxes Act 1988 shall apply in relation to an insurance company.

Name

Date

Two of the Commissioners of Inland Revenue

EXPLANATORY NOTE

(This note is not part of the Regulations)