STATUTORY INSTRUMENTS

2015 No. 1983

CORPORATION TAX
INCOME TAX

The Lloyd's Underwriters (Transitional Equalisation Reserves) (Tax) Regulations 2015

Made - - - -	*7th December 2015*
Laid before the House of Commons - - - -	*8th December 2015*
Coming into force - -	*1st January 2016*

The Treasury make the following Regulations in exercise of the powers conferred by section 47 of the Finance Act 2009(**1**) and section 30(1) of the Finance Act 2012(**2**).

Citation and commencement

1. These Regulations may be cited as the Lloyd's Underwriters (Transitional Equalisation Reserves) (Tax) Regulations 2015 and come into force on 1st January 2016.

Interpretation

2. In these Regulations—

"the 2009 Regulations" means the Lloyd's Underwriters (Equalisation Reserves) (Tax) Regulations 2009(**3**);

"relevant accounting period" is any accounting period ending on or after 31st December 2008 but ending before 1st January 2016;

"relevant deduction" is an amount deducted by a corporate member or a partnership member in computing the member's profits or losses in a relevant accounting period as a result of the application of section 444BA(2)(a) of ICTA(**4**) under regulation 3(3) (reserves maintained by Lloyd's members which are equivalent to equalisation reserves) of the 2009 Regulations;

(**1**) 2009 c. 10.
(**2**) 2012 c. 14.
(**3**) S.I. 2009/2039.
(**4**) 1988 c. 1; section 444BA(2) was inserted by paragraph 1 of Schedule 32 to the Finance Act 1996 (c. 8).

"relevant receipt" is an amount treated as a receipt of the underwriting business of a corporate member or a partnership member in a relevant accounting period as a result of the application of section 444BA(2)(b) of ICTA under regulation 3(3) of the 2009 Regulations; and

"underwriting business" means, in relation to a corporate member or a partnership member, the member's underwriting business as a member of Lloyd's.

Application of sections 26(4) to (8) and 27 of FA 2012 to Lloyd's members

3. Where a corporate member or partnership member has taken into account a relevant deduction in making any computation of the member's profits or losses for any relevant accounting period, section 26(4) to (8) and section 27 of FA 2012 apply in relation to the member, subject to the modifications specified in regulation 4, in relation to accounting periods ending on or after 1st January 2016.

Modified application of sections 26(4) to (8) and 27 of FA 2012

4.—(1) The modifications to sections 26(4) to (8) and 27 of FA 2012 referred to in regulation 3 are as follows.

(2) References in those sections to—

"business" are to be treated as references to the part of the underwriting business of the corporate member or partnership member which relates to insurance business other than life assurance business; and

"an insurance company" or "a company" are to be treated as references to the corporate member or the partnership member (as the case may be).

(3) In section 26(4), "transitional equivalent reserve" is to be treated as substituted for "existing equalisation or equivalent reserve".

(4) Sections 26(7) and (8) and 27(3) are to be treated as omitted.

(5) In paragraph (3), "transitional equivalent reserve" means the amount determined by the sum A – B, where—

"A" means the total of all relevant deductions for all relevant accounting periods; and

"B" means the total of all relevant receipts for all relevant accounting periods.

Revocation

5. The following are revoked—

(a) the Insurance Companies (Reserves) (Tax) Regulations 1996(**5**); and

(b) the 2009 Regulations.

Charlie Elphicke
David Evennett
Two of the Lords Commissioners of Her Majesty's Treasury

7th December 2015

(**5**) S.I. 1996/2991, as amended by the Finance Act 2012, section 180 and Schedule 20, Part 3 (paragraphs 46 and 47) and Part 4 (paragraphs 49 and 50) and S.I. 1999/1408, 2001/3629, 2002/1409, 2008/954, 2008/2679 and 2013/472.