*Draft Order laid before Parliament under sections 1290 and 1294(6) of the Companies Act 2006 for approval by resolution of each House of Parliament*

DRAFT STATUTORY INSTRUMENTS

# 2008 No.

# TAXES
# SOCIAL SECURITY

## The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2008

| | |
|---|---|
| *Made - - - -* | *** March 2008* |
| *Coming into force - -* | *6th April 2008* |

The Treasury make the following Order in exercise of the powers conferred by sections 1292, 1294 and 1296 and of the Companies Act 2006(**1**).

In accordance with sections 1290 and 1294(6) of that Act, a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

## PART 1

## GENERAL PROVISIONS

### Citation, commencement and effect

**1.**—(1) This Order may be cited as the Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2008, and shall come into force on 6th April 2008.

(2) Articles 8, 12, 21, 42, 47 and 52 have effect for periods of account beginning on or after 6th April 2008.

### Overview of this Order

**2.** In this Order—

this Part contains general provisions;

Part 2 makes consequential amendments to primary legislation;

Part 3 makes consequential amendments to secondary legislation.

(**1**) 2006 c. 46.

### Consequential repeals

**3.** The consequential repeals in the Schedule to this Order have effect.

### General saving

**4.** The amendments and repeals made by this Order do not affect the operation of section 1297 of the Companies Act 2006 (continuity of the law).

## PART 2

## CONSEQUENTIAL AMENDMENTS TO PRIMARY LEGISLATION COMING INTO FORCE ON 6TH APRIL 2008

*The Tobacco Products Duty Act 1979 (c. 7)*

### Sections 7A to 7C: supplemental

**5.** In section 7D(4) of the Tobacco Products Duty Act 1979(**2**) for "section 258 of the Companies Act 1985 (c. 6)" substitute "section 1162 of the Companies Act 2006".

*The Income and Corporation Taxes Act 1988 (c. 1)*

### Introduction

**6.** The Income and Corporation Taxes Act 1988 is amended as follows.

### Reduction of vendor's interest as shareholder

**7.** In section 221(7) for "Part VIII of the Companies Act 1985" substitute "Part 23 of the Companies Act 2006".

### Insurance companies: long term business other than life assurance business

**8.** In section 432YA(5)(**3**), in the definition of "long term business provision", for "Schedule 9A to the Companies Act 1985" substitute "Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008".

### Insurance companies: apportionment of income and gains

**9.** In section 432A(8A)(**4**), in the definition of a reattribution that is "relevant", for "section 425 of the Companies Act 1985" substitute "Part 26 of the Companies Act 2006".

### Share loss relief: the unquoted status requirement

**10.** In section 576H(3)(**5**) (the unquoted status requirement) for the definition of debenture substitute—

(**2**) Sections 7A to 7D were inserted by section 2(1) of the Finance Act 2006 (c. 25).
(**3**) Section 432YA was inserted by S.I. 2006/3387.
(**4**) Section 432A was inserted by paragraph 4 of Schedule 6 to the Finance Act 1990 (c. 29); subsection (8A) was inserted by S.I. 2005/3465.
(**5**) Section 576H was inserted by paragraph 128 of Schedule 1 to the Income Tax Act 2007 (c. 3).

""debenture" has the meaning given by section 738 of the Companies Act 2006,".

**Interpretation of sections 765 to 767**

**11.** In section 767(5) for the definition of ""share", "debenture" and "director"" substitute—

""share" has, in relation to any body corporate, the meaning given by Part 26 of the Companies Act 1985 in relation to a company;

"debenture" has, in relation to any body corporate, the meaning given by section 738 of the Companies Act 2006 in relation to a company;

"director" has, in relation to any body corporate, the meaning given by section 250 of the Companies Act 2006 in relation to a company;".

**Interpretation of section 804C in relation to other insurance business**

**12.** In section 804E(7)(**6**) for paragraph (b) substitute—

"(b) in the provisions of section B of Part 1 of Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the required formats) which relate to the profit and loss account format (within the meaning of sub-paragraphs (1) and (2) of paragraph 1 of that Schedule),".

**Interpretation of the Corporation Tax Acts**

**13.** In section 834(1)(**7**), in the definition of "statutory insolvency arrangement", for paragraph (b) substitute—

"(b) a compromise or arrangement that has taken effect under Part 26 of the Companies Act 2006, or".

**Cases where section 747(3) does not apply**

**14.**—(1) Amend Schedule 25(**8**) as follows.

(2) In paragraph 11A—

(a) for sub-paragraph (4) substitute—

"(4) "Insurance group" shall be construed in accordance with section 1165(5) of the Companies Act 2006, but does not include such an insurance group if it falls within sub-paragraph (5) below.";

(b) in sub-paragraph (5) omit the words "(within the meaning of that Part as so read)".

(3) In paragraph 11B(3)—

(a) in paragraph (a) for "section 247(5) of that Act 1985 or Article 255(5) of that Order" substitute "sections 382(5) and 465(5) of the Companies Act 2006";

(b) in paragraph (b) for "section 262(1) of that Act 1985 or Article 270(1) of that Order" substitute "section 474(1) of that Act";

(c) in paragraph (c) for "section 247(6) of that Act 1985 or Article 255 of that Order" substitute "sections 382(6) and 465(6) of that Act".

(**6**) Section 804E was inserted by paragraph 18(1) of Schedule 30 to the Finance Act 2000 (c. 17).
(**7**) The definition of "statutory insolvency arrangement" was inserted by paragraph 8 of Schedule 4 to the Finance Act 2005 (c. 7).
(**8**) Paragraphs 11A and 11B of Schedule 25 were inserted by paragraph 4 of Schedule 42 to the Finance Act 2003 (c. 14).

**Provisions not at arm's length**

**15.** In paragraph 5A of Schedule 28AA(**9**) for sub-paragraph (4) substitute—

"(4) In this paragraph "dormant" has the same meaning as in section 1169 of the Companies Act 2006.".

*The Taxation of Chargeable Gains Act 1992 (c. 12)*

**Introduction**

**16.** The Taxation of Chargeable Gains Act 1992 is amended as follows.

**Meaning of "scheme of reconstruction"**

**17.** In paragraph 5(a) of Schedule 5AA(**10**) for paragraph (i) substitute—

"(i) to which Part 26 of the Companies Act 2006 (arrangements and reconstructions) applies,".

**Enterprise investment scheme: re-investment**

**18.**—(1) Amend paragraph 14 of Schedule 5B(**11**) as follows.

(2) In sub-paragraph (5)—

(a) in paragraph (a) for the words following "authorised minimum" to the end substitute—

"(within the meaning of the Companies Act 2006) for the purposes of complying with the requirements of section 761 of that Act (public company: requirement as to minimum share capital);";

(b) in paragraph (b) for "section 117" substitute "section 761".

(3) Omit sub-paragraph (6).

*The Finance Act 1993 (c. 34)*

**Meaning of "accounts" and other expressions**

**19.** In section 92E(1) of the Finance Act 1993(**12**)—

(a) in paragraph (a) for "Part 7 of the Companies Act 1985 or Part 8 of the Companies (Northern Ireland) Order 1986" substitute "Part 15 of the Companies Act 2006";

(b) in paragraph (c) for "Part 7 of the Companies Act 1985" substitute "Part 15 of the Companies Act 2006".

*The Value Added Tax Act 1994 (c. 23)*

**Disclosure of avoidance schemes**

**20.** In paragraph 7(9) of Schedule 11A to the Value Added Tax Act 1994(**13**) for "Part 7 of the Companies Act 1985" substitute "section 1161 of the Companies Act 2006".

(**9**) Schedule 28AA was inserted by Schedule 16 to the Finance Act 1998 (c. 36); paragraph 5A was inserted by section 31(3) of the Finance Act 2004 (c. 12).
(**10**) Schedule 5AA was inserted by paragraph 3 of Schedule 9 to the Finance Act 2002 (c. 23).
(**11**) Schedule 5B was inserted by paragraph 4(3) of Schedule 13 to the Finance Act 1995 (c. 4).
(**12**) Section 92E was inserted by paragraph 77 of Schedule 10 to the Finance Act 2004 (c. 12).
(**13**) Schedule 11A was inserted by paragraph 2 of Schedule 2 to the Finance Act 2004.

*The Finance Act 1996 (c. 8)*

**Money debts etc not arising from the lending of money**

**21.** In section 100 of the Finance Act 1996—

(a) for subsection (10)(b) substitute—

"(b) in the case of a company carrying on insurance business, any deferred acquisition costs, within the meaning of Assets item G.II in the Balance Sheet Format set out after paragraph 10 of Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as read with note (17) of the Notes on the Balance Sheet Format (which follow immediately after that format).";

(b) for subsection (11)(b) substitute—

"(b) in the case of a company carrying on insurance business—

(i) any provision made by the company for unearned premiums, acquisition costs within the meaning of Liabilities item C.1 in the Balance Sheet Format set out after paragraph 10 of Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as read with notes (12) and (20) of the Notes on the Balance Sheet Format (which follow immediately after that format);

(ii) any provision for unexpired risks, as defined in paragraph 91 of that Schedule.".

*The Finance Act 1997 (c. 16)*

**Leasing arrangements: accounting purposes and normal accountancy practice**

**22.** In paragraph 28(6) of Schedule 12 to the Finance Act 1997 for the words following "shall be construed" substitute "in accordance with section 1162 of the Companies Act 2006".

*The Finance Act 1998 (c. 36)*

**Introduction**

**23.** The Finance Act 1998 is amended as follows.

**Computation of profits of trade, profession or vocation**

**24.** In section 42(2)(a) for "the Companies Act 1985 or the Companies (Northern Ireland) Order 1986" substitute "the Companies Act 2006 or subordinate legislation made under that Act".

**Company tax returns, assessments and related matters**

**25.**—(1) Amend Schedule 18 as follows.

(2) For paragraph 11 substitute—

"**Accounts required in case of Companies Act company**

**11.** In the case of a company which—

(a) is required to deliver a company tax return for a period,