

Management expenses. CTA76 s33(1) to (2); FA86 s59(a); FA92 s44(a); FA93 s11(a) and (b) 707.—(1) Subject to sections 709 and 710, section 83 shall apply for computing the profits of a company carrying on life business, whether mutual or proprietary (and not charged to corporation tax in respect of it under Case I of Schedule D), whether or not the company is resident in the State, as that section applies in relation to an investment company, except that—

(a) there shall be deducted from the amount treated as expenses of management for any accounting period—

(i) any repayment or refund receivable in the period of the whole or part of a sum disbursed by the company for that period or any earlier period as expenses of management, including commissions (in whatever manner described),

(ii) reinsurance commissions earned by the company in the period, and

(iii) the amount of any fines or fees receivable in the period or profits arising from reversions in the period,

and in calculating profits arising from reversions the company may set off against those profits any losses arising from reversions in any previous accounting period during which any enactment granting this relief was in operation in so far as they have not already been so set off, and

(b) no deduction shall be made under section 83 (2)(b).

(2) (a) Where the life assurance business of an assurance company includes more than one of the following classes of business—

(i) pension business,

(ii) general annuity business,

(iii) special investment business, and

(iv) life assurance business (excluding such pension business, general annuity business and special investment business),

then, for the purposes of the Corporation Tax Acts, the business of each such class shall be treated as though it were a separate business, and subsection (1) shall apply separately to each such class of business as if it were the only business of the company.

(b) Any amount of an excess referred to in section 83 (3) which is carried forward from an accounting period ending before the 27th day of May, 1986, may for the purposes of section 83 (2) be deducted in computing the profits of the company for a later accounting period in respect of such of the classes of business referred to in paragraph (a) as the company may elect; but any amount so deducted in computing the

profits from one of those classes of business shall not be deducted in computing the profits of the company from another of those classes of business.

(3) Relief under subsection (1) shall not be given for any amount of stamp duty (except any part of such amount as is referable to pension business) charged under subsection (8)(c) of section 92 of the Finance Act, 1982, on any statement delivered by a company in accordance with subsection (8)(b) of that section in respect of any quarter commencing after the 27th day of May, 1986.

(4) Relief under subsection (1) shall not be given to any such company in so far as it would, if given in addition to all other reliefs to which the company is entitled, reduce the corporation tax borne by the company on the income and gains of its life business for any accounting period to less than would have been paid if the company had been charged to tax at the rate specified in section 21 (1) in respect of that business under Case I of Schedule D and, where relief has been withheld in respect of any accounting period by virtue of this subsection, the excess to be carried forward by virtue of section 83 (3) shall be increased accordingly.

(5) (a) For the purposes of subsection (4)—

(i) any tax credit to which the company is entitled in respect of a distribution received by it shall be treated as an equivalent amount of corporation tax borne or paid in respect of that distribution,

(ii) any payment in respect of that credit under section 83 (5), 136 (3), 157, 158 or 712 (2) shall be treated as reducing the tax so treated as borne or paid,

(iii) relief for the management expenses, if any, attributable to the life business, other than special investment business, of a company shall be withheld before any relief for management expenses attributable to the special investment business of the company is withheld, and

(iv) sections 709 (2), 710 and 714 shall, and section 396 (5) (b) shall not, apply for the purposes of computing the profits of the life assurance business or the industrial assurance business, as the case may be, which would have been charged to tax under Case I of Schedule D.

(b) The reference in section 551 (2) to computing income or profits or gains or losses shall not be taken as applying to a computation of a company's income for the purposes of subsection (4).