Lloyd's underwriters notes

Tax year 6 April 2013 to 5 April 2014

Contacts

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Who should complete Lloyd's underwriters pages?

You should only fill in the *Lloyd's underwriters* pages if you were trading as an underwriting member of Lloyd's (or a Name) at any time during the calendar year 2013. You will usually be treated as a Name until your Lloyd's deposit is released. However, there may be circumstances where you are still treated as a Name after your deposit is released – check with the Lloyd's Underwriter Unit if you think this may apply.

If you ceased trading as a Name before 1 January 2013, you should not fill in the *Lloyd's underwriters* pages. Any income you receive from Lloyd's after that date is not treated as Lloyd's income but as a post-cessation receipt. You should enter this in box 16 in the 'Income' section on page TR 3 of your tax return. Any expenses relating to Lloyd's which you incur after 31 December 2012 are treated as post-cessation expenses of 2013–14 and you should enter these in box 17 on page TR 3. Post-cessation expenses may only be set against post-cessation income of the same or later years.

Completing the Lloyd's underwriters pages

These pages ask for details of the income, expenditure and losses connected with membership of Lloyd's that together make up the trading profits or losses for the tax year 2013–14. To complete the *Lloyd's underwriters* pages of the tax return for the year ended 5 April 2014, you will need form CTA 1 (2010) (syndicate results for the 2010 account) and form CTA 2 (2013) (the non-syndicate Lloyd's Taxation Advice for 2012–13). To help you to complete the pages, Lloyd's Tax Operations at Chatham has cross-referenced each entry in the Taxation Advices to the relevant box numbers on the *Lloyd's underwriters* pages. The information asked for in these pages relates only to income from assets held as part of your personal funds at Lloyd's. Income from assets that are held by you personally should be entered on the appropriate pages of your tax return.

Capital gains from disposal of syndicate capacity and sale of assets in personal funds do not form part of the Lloyd's trading profits so should be included on the *Capital gains summary* pages and not on the *Lloyd's underwriters* pages. More guidance on this is in the section headed 'Capital Gains Tax' in Helpsheet 240 *Lloyd's underwriters*.

Income from personal funds at Lloyd's – UK interest (year ended 31 December 2013)

This section is for income from assets that are held in your personal funds at Lloyd's, including your deposit and any other fund required or authorised by the rules of Lloyd's, or required by the members' agent. Do not include syndicate Premiums Trust Funds or Special Reserve Funds (SRF).

Income from personal funds at Lloyd's forms part of the trading profits from membership of Lloyd's and should be entered on these pages, not anywhere else in your tax return. In general, the income is included in Lloyd's profits of the tax year corresponding to the calendar year of receipt. So the income received in the calendar year 2013 is included in your Lloyd's profits for the tax year 2013–14.

UK interest (and alternative finance receipts) includes:
- interest from banks, building societies and National Savings & Investments
- interest on government stocks (gilts) – with or without tax taken off
- interest distributions from companies and UK authorised unit trusts and open-ended investment companies (OEICs)
- interest on other loan stocks and loans to companies.

UK interest which has not been taxed

Box 1 *Interest on gilts and from UK banks or building societies*

If the interest on gilts and interest and alternative finance receipts from UK banks and building societies has been paid without the payer deducting tax at all – 'gross' interest etc. – enter the untaxed 'gross' amount received in box 1.

Gilt strips and strips of non-UK government securities

If any of your funds at Lloyd's have been invested in strips, ask the Lloyd's Underwriters Unit for advice on how this will affect your return.

Building society mergers and conversions

If any of your funds at Lloyd's are held in a building society that has been involved in a merger, conversion into a limited company or takeover by a limited company, you, or Lloyd's as trustees, may have received cash and/or shares, and there may be liability to Income Tax or Capital Gains Tax.
The building society may be able to tell you; if not, you should ask the Lloyd's Underwriters Unit or your tax adviser.

Cash payments

Add payments that are liable to Capital Gains Tax to your other chargeable gains for the year. Cash payments liable to Capital Gains Tax are generally those received following the takeover of a building society, or conversion to a limited company. Please read the notes on page TRG 5 of your tax return guide for the circumstances when you should fill in the *Capital gains summary* pages.

To the extent that cash payments relate to deposits held as part of your funds at Lloyd's, those payments that are liable to Income Tax should be included in box 1 and box 4. Cash payments liable to Income Tax are generally those received following a building society merger.

Accrued Income Scheme and deeply discounted securities

Box 2 *Profits from Accrued Income Scheme and deeply discounted securities*

Accrued Income Scheme

Accrued income securities include all interest bearing securities, including permanent interest bearing shares (PIBS) in a building society, government loan stock and company loan stock, but not shares in a company or National Savings & Investments certificates.

Under the Accrued Income Scheme, no profit arises and no loss is made for 2013–14 if the total nominal value of all accrued income securities held at any time in 2013–14 or 2012–13 did not exceed £5,000.

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If the aggregate nominal value of accrued income securities is more than £5,000, you will have to calculate profits or losses for securities you have bought, sold or transferred if the next interest payment after your purchase or sale etc. fell in the calendar year 2013. You can find more details in Helpsheet 343 *Accrued Income Scheme*. For each kind of security, combine the profits (positive amounts) and losses (negative amounts) to produce a net amount and enter the aggregate amount in box 2. The resulting amount is included in trading results for resident and non-resident Names alike – the only exceptions for non-residents are for non-UK and FOTRA (free of tax to residents abroad) securities.

If you hold such securities both as part of your personal funds at Lloyd's and as part of your personal non-Lloyd's investments, do not include the amount in box 2 but include it in the box 3 total on page Ai 1 of the *Additional information* pages.

Deeply discounted securities

If you hold a deeply discounted security you will generally be chargeable to tax only when you dispose of the security in any way or it is redeemed. At that time, the difference between the amount you paid for the security and the amount you received when you sold or redeemed it will be included in your Lloyd's trading results. The payment is made without deduction and so you should enter the 'gross' amount, received in calendar year 2013, in box 2.

There is no relief for a loss on redemption or disposal of a deeply discounted security unless it has been held since 26 March 2003 and it was then, or had been, listed on a recognised stock exchange. If you have qualifying losses on the redemption or disposal of a deeply discounted security, please contact the Lloyd's Underwriters Unit for more advice.

UK interest which has been taxed already

Box 3 *Interest from UK banks, building societies, unit trusts etc. and any other income from UK savings and investments*

If the interest and alternative finance receipts from UK banks, building societies, unit trusts, investment trusts and other savings and investments has been paid after tax (at 20%) has been taken off or deducted by the payer, enter the 'net' amount in box 3. The statement from your bank, building society or members' agent should give you the details (but may describe the amounts differently).

For interest distributions, other interest payable and also Property Income Distributions (PIDs), the information needed to complete boxes 3 and 4 should be on your tax vouchers. Ask the unit trust manager, company or the Lloyd's Tax Operations at Chatham, if you do not have them.

Box 4 *Tax taken off*

Enter the amount of tax taken off in box 4. If your statement only gives the net interest amount, the tax taken off can be worked out by multiplying the net interest figure by 20 and dividing the result by 80.

Do not include any amounts shown on your tax voucher as 'equalisation' (they are not subject to tax) or dividend distributions or annual payments from UK trusts in these boxes. You should enter dividends in boxes 6 to 11.

Income from personal funds at Lloyd's – UK dividends (year ended 31 December 2013)

UK dividends

If you hold shares in UK companies as part of your personal funds at Lloyd's, include the total dividends received in 2013 on the *Lloyd's underwriters* pages. The information to complete the boxes can be found on the vouchers sent by companies and UK authorised unit trusts. Do not send the vouchers with your tax return but keep them and other records of the dividends and distributions in case we ask for them later. If you do not have a dividend voucher, ask the company, your unit trust or open-ended investment company (OEIC) manager, or the Lloyd's Tax Operations at Chatham for one.

Box 6 *Stock dividends from UK companies*

A 'stock' dividend is an offer of shares taken up in place of a cash dividend. Your dividend statement should show 'the appropriate amount in cash' on it – this is the amount you should enter in box 6.

Box 7 *Notional tax credit on stock dividends from UK companies*

Enter the 'notional tax credit' amount from the statement in box 7.

Box 8 *Non-qualifying distributions*

A non-qualifying distribution is:
- a bonus issue of redeemable shares or securities by a company (except a bonus issue giving rise to a qualifying distribution), or
- the paying on of such a bonus issue by a company which has itself received it.

If you receive such a bonus issue of redeemable shares or securities, the amount of the distribution received to be entered in box 8 is:
- for redeemable shares – their nominal value plus any premium paid
- for securities – the amount of the principal secured plus any premium payable minus any new consideration given for that issue.

Box 9 *Other dividends and qualifying distributions from UK companies*

Include here all other dividends and distributions not included in boxes 6 to 8, except Property Income Distributions (PIDs). If you have accumulation units or shares where the dividend is automatically reinvested in the unit trust or open-ended investment company, you must still include the amount of the dividend and tax credit. A company makes a distribution when it passes value to a shareholder, for example:
- by selling an asset to a shareholder at under value, or
- by paying interest at more than a commercial rate on a loan from a shareholder.

Include PIDs from assets held as part of your personal funds at Lloyd's in box 3 and the tax credit in box 4.

Box 10 *Tax credits on all other dividends and qualifying distributions from UK companies*

Your dividend voucher should show the amount of the dividend or distribution and the associated tax credit. Enter the total dividends or distributions in box 9 and the total tax credits in box 10. Explain briefly

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the circumstances in which the distribution arose in box 66 'Any other information', on page LU 4. Do not enter any amount shown as 'equalisation' (this is not subject to tax).

Foreign sources income from assets in personal funds at Lloyd's (year ended 31 December 2013)

Include in this section any interest or other income received in the calendar year 2013 from non-UK assets in your personal funds at Lloyd's. Depending on the nature of the income, it may be paid without any foreign or UK tax being taken off or withheld ('gross' income), or it may be paid after foreign or UK tax has been taken off or withheld ('net' income).

If you are claiming relief for foreign tax paid as a credit against UK tax on your Lloyd's income, please read the 'foreign tax' paragraphs in Helpsheet 240 *Lloyd's underwriters* about how to complete the *Foreign* pages of the tax return.

Non-UK interest and other foreign sources income

Boxes 12 to 14

Enter the amount of foreign interest and other income (except dividends) received in the calendar year 2013 from foreign bank accounts, loans to organisations outside the UK and other foreign investments or assets. If the payer has deducted foreign tax, and accounted for that tax to the overseas tax authorities on your behalf, this will usually be shown on a certificate of tax paid.

You should also enter any 'reported income' from offshore funds. This is income arising from investments in offshore funds that has not been paid to you but which has instead been accumulated on your behalf. *Reported income is taxable even though you have not received it, and must be included in your tax return*. If the offshore fund is a company then you should enter the reported income in the non-UK dividends box.

Non-UK dividends

Dividend tax credits

UK residents who receive dividends from foreign companies are, in most cases, entitled to a tax credit equal to $^1/_9$ of the dividend.

From 22 April 2009, to qualify for the $^1/_9$ tax credit you must pass one of the following tests. These are that:

1 the company paying the dividend is not an offshore fund and you own less than 10% of the issued share capital, or any class of share, or
2 the company that has paid the dividend to you is an equity based 'offshore fund' (see note 1 on the next page about distributions from offshore funds), or
3 the company paying the dividend is not an offshore fund and is resident for tax purposes in a territory with which the UK has a Double Taxation Agreement (DTA) that includes a non-discrimination article. Go to **hmrc.gov.uk/taxtreaties/dtdigest.pdf** for a list of treaty territories.

Under this condition, the dividend tax credit is not available if:
- the DTA does not include a non-discrimination article (see note 2 below)
- the dividend is one of a series paid as part of a 'tax advantage scheme', and any company paying a dividend which is one of that series is not resident in a qualifying territory. (A tax advantage scheme is a scheme whose sole purpose is to allow a person to get the tax credit or any other relief from tax.)
- the dividends are from certain 'excluded companies' (see note 3 below).

You should consult your tax adviser if you are in doubt about this.

Note 1

There are specific rules relating to the way dividends from offshore funds which are substantially invested in interest bearing assets are treated for tax purposes. Where an offshore fund holds more than 60% of assets in an interest bearing (or economically similar) form, any distribution you receive is treated as a payment of yearly interest (see 'Interest and other income from overseas savings' on page FN 6 of the *Foreign notes*). In this case you will not qualify for the dividend tax credit and the tax rates will be those applying to interest.

Note 2

The DTAs with the following territories do not include a non-discrimination article.
Antigua and Barbuda
Belize
Brunei
Grenada
Guernsey
Isle of Man
Jersey
Kiribati
Malawi
Montserrat
St Kitts and Nevis
Sierra Leone
Solomon Islands
Tuvalu

Note 3

The excluded companies are:
- Barbados – companies established under the International Business Companies Act(s)
- Cyprus – companies entitled to any special tax benefits under various Cyprus enactments
- Jamaica – companies established under enactments relating to International Business Companies and International Finance Companies
- Luxembourg – holding companies established under the Luxembourg 1929 and 1937 Acts
- Malaysia – companies carrying on offshore business activity under the Labuan Offshore Business Activity Act 1990
- Malta – companies entitled to special tax benefits under various enactments.

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Boxes 15 to 19

Fill in the Working Sheet below to complete these boxes. The information needed will be shown on your dividend voucher. Do not include, for example, distributions in the course of liquidations, return of capital, stock dividends or bonus shares on stock issues. Copy the total of boxes 13 and 16 to box 43 on page LU 3.

Working Sheet for boxes 15 to 19

Non-UK dividends	Qualifying for tax credit	Not qualifying for tax credit
Amount actually received	A £	B £
Foreign tax taken off before receipt	C £	D £
UK tax taken off before receipt	E £	F £
Box A + box C + box E	G £	
Box G x $^1/_9$	H £	
Box A + box B + box H	£	*copy to box 15*
Box C + box D	£	*copy to box 16*
Box E + box F	£	*copy to box 17*
Box B + box D + box F	£	*copy to box 19*

Other Lloyd's receipts

Lloyd's profits or losses for the tax year 2013–14 include:

- income from syndicates that declared results for the 2010 account in 2013 (the declaration year basis), associated syndicate foreign tax and withdrawals and releases from Special Reserve Funds
- non-syndicate income as a result of membership of Lloyd's for the corresponding calendar year, that is, the year ended 31 December 2013 (irrespective of the account that gave rise to it).

Box 20 *Aggregate syndicate profits*

The syndicate results are given on form CTA 1 (2010) and will be described as total profit or loss:

- if the entry is a profit – enter the profit in box 20
- if the entry is a loss – enter '0' in box 29.

Box 21 *Net withdrawal/release from Special Reserve Fund (SRF)*

Enter in box 21 net withdrawals from an SRF as shown on your CTA 1 (2010). SRF releases are in most cases taxed in the final underwriting year, usually the calendar year in which the Lloyd's deposit is repaid. Pages 7 and 8 of Helpsheet 240 *Lloyd's underwriters* explains the rules in detail. For Exeat policyholders the final year will normally be the year following the year in which the policy is purchased. If you are in any doubt as to the final year of trading, please contact your tax adviser, or the Lloyd's Underwriters Unit.

If you are completing this return as personal representative of a deceased underwriter who died in 2014 and held assets in an SRF at death, any eventual release will be taxable for 2013–14. Special rules apply that make sure interest on tax will be chargeable from a later date. This is normally by reference to the tax year corresponding to the calendar year in which the Lloyd's deposit is paid over to the personal representatives, but in some cases can be later. If you need more guidance, please contact the Lloyd's Underwriters Unit.

Lloyd's Tax Operations at Chatham will provide a certificate valuing the release to be assessed and will appear on CTA2 (2013).

Box 22 *Stop loss recoveries*

Enter in box 22 the total of all personal stop loss (PSL) recoveries that are payable for the 2010 account losses at 31 December 2012 and earlier account run-off losses for calendar year 2012. Recoveries for losses incurred during the same periods that will become payable only when they have been called must also be included, in addition to recoveries already received. If you do not have details of the exact amounts that will be received, enter your best estimate and make a note in box 66 'Any other information', on page LU 4 of the *Lloyd's underwriters* pages, explaining that you have done so and tick box 20 on page TR 8 of the tax return. Please send the correct figure as soon as possible afterwards.

Box 23 *Compensation receipts*

Compensation payments from membership of Lloyd's received in 2013 are taxable trading income of the tax year 2013–14. Compensation covers amounts awarded as damages as a result of court action, recoveries of legal costs arising from litigation in connection with membership of Lloyd's and any sums paid in out-of-court settlements (other than recoveries under stop loss policies).

Box 24 *Repayments of foreign tax previously allowed by deduction*

Include in box 24 the sterling value of any repayments of foreign tax received in 2013 for which relief had been allowed in an earlier year by deduction from Lloyd's profits or losses. This is described as Net Operating Loss refunds on your CTA 1 (2010). The exchange rate to be used is the rate that was used to calculate the amount of double taxation relief given for the foreign tax in the earlier year.

This may result in a different sterling amount from that actually received in the later year. For foreign tax repayments where relief was given as tax credit relief, see Helpsheet 240 *Lloyd's underwriters*.

Box 25 *Other Lloyd's non-syndicate income*

Enter the total amount of any other Lloyd's non-syndicate income received in the calendar year 2013 which has not already been entered in box 23. Describe the amounts in box 66 'Any other information', on page LU 4 of the *Lloyd's underwriters* pages.

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Foreign tax repayments

Box 28 *If you have received a repayment of foreign tax on which Foreign Tax Credit Relief was given*

You may have received refunds of foreign tax in 2013, for example, from the carry back in the US of losses against profits of earlier years ('Net Operating Losses' or NOLs) which are shown on your CTA 1 (2010). For Names with no 2010 account participations, details will be reflected on the CTA 2 (2013). The treatment of these foreign tax refunds depends on how relief was originally given for the foreign tax now being refunded. Please refer to the guidance in Helpsheet 240 *Lloyd's underwriters*.

Lloyd's losses and expenses

Your 2013–14 Lloyd's taxable profit or loss includes non-syndicate expenditure paid in the corresponding calendar year, that is, 2013.
Please note that personal expenses met on your behalf by syndicate managing agents (such as annual contributions to the Central Fund) are treated as syndicate expenses for tax purposes. Your tax adjusted syndicate results have already taken into account this type of expenditure and it should not be entered separately here.

Box 29 *Aggregate syndicate losses*

Under the declaration year basis, Lloyd's losses to be included in the return for the tax year 2013–14 are the results for the 2010 account and run off results to 31 December 2012 declared in 2013. If the amount shown as total profit or loss on your CTA 1 (2010) is a loss, enter it at box 29.

Box 30 *Net transfer to Special Reserve Fund*

Enter in box 30 net transfers to an SRF, as shown on your CTA 1 (2010).

Box 31 *Stop loss premiums paid*

Enter in box 31 the sums paid in the calendar year 2013 regardless of the account or accounts covered by the policy for which the premium is paid.

Box 32 *Personal Quota Share and Exeat premiums paid*

A quota share contract is one in which you make arrangements for another person to take over some or all of your rights or liabilities for any syndicate of which you are a member. Provided the quota share contract is in accordance with the rules and practice of Lloyd's, the premium paid is an allowable expense. The following rules govern how much of the premium is allowable as a deduction, whether any further amounts can be claimed and the year in which the amounts are allowable.

- If you have paid a cash call for a particular loss, and have subsequently reinsured your liabilities before that loss is declared, you may claim relief for the cash call in addition to the premium. You may claim this in the calendar year in which the contract took effect (for Estate Protection Plans see the box 33 note).
- If your syndicate declared a loss, and you reinsured that liability before the loss was called, the amount of the premium you can claim will be restricted by the amount of that declared loss.

- If, unusually, the amount of the premium was less than the declared losses reinsured under the contract, you should include the difference as other non-syndicate income in box 25.
- In the case of Exeat policies, any necessary adjustments will be shown on form CTA 2 (2013).

Subject to the rules above, enter the amount of the premium paid in the calendar year 2013 in box 32.

Box 33 *Estate Protection Plan premiums paid*

An Estate Protection Plan is a special kind of policy which aims to provide unlimited cover against underwriting losses arising after death. It allows the Lloyd's deposit to be released at an early date and allows the estate to be distributed on the basis that no further underwriting cash calls would need to be met. For tax purposes, Estate Protection Plans fall within the general rules for stop loss and quota share policies. Any premiums are allowed as deductions in the calendar year in which they are paid, rather than in the year which the plan protects. The amount you can claim in box 33 is shown on form CTA 2 (2013).

Box 34 *Interest paid on loans to fund underwriting*

If you have taken out loans to fund underwriting losses, Lloyd's deposits and reserves, stop loss premiums or other Lloyd's personal expenses, any interest paid on the loans will, in general, be an allowable expense so long as you receive taxable income from membership of Lloyd's. Enter in box 34 the amounts paid in 2013. Please keep any loan interest certificate in case we ask to see it later.

If you have taken out an alternative finance arrangement to fund any of the items in the paragraph above, then the alternative finance return paid for the arrangement is treated the same way as interest on a bank loan. Interest on unfunded losses that is recharged to you by syndicate managing agents is allowed as a deduction from syndicate results. Do not include it on these pages.

Box 35 *Lloyd's Members' associations expenses paid*

Subscriptions to certain associations of Lloyd's members, such as the Association of Lloyd's Members, are allowed as deductions. Lloyd's Underwriters Unit or the organiser of any association to which you belong, can tell you to what extent, if any, your subscription and related expenses are allowable. Enter in box 35 the amounts paid in 2013.

Box 36 *Members' Agent profit commission and salaries*

Members' Agents' profit commission and salaries are charged and paid at the distribution date following the close of an account. For example, any profit commission for the 2010 account as shown on your CTA 2 (2013) will have been paid in June 2013 and should be entered at box 36 as an allowable deduction against 2013–14 Lloyd's profits.

Managing agents' salaries relating to an account are dealt with as part of the syndicate results so you should not enter them separately on this return.

Box 37 *Fees for bank guarantees/letters of credit*

Enter in box 37 the amount of annual renewal fees paid in 2013. The initial cost of setting up these arrangements is not allowed as a trading deduction, because it is a 'capital' expense, regardless of the underwriting account to which the deposit relates.

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Box 38 *Accountancy fees*

Any fees you pay to accountants or advisers for work done in relation to working out your taxable Lloyd's profits is an allowable deduction. But you may not claim against your Lloyd's profits any fee for other accountancy work, such as Inheritance Tax planning or for other business advice. Enter in box 38 the amount of fees paid in 2013, irrespective of the year of account to which the fees relate.

Box 39 *Other Lloyd's expenses*

Enter in box 39 the total of any additional items of personal non-syndicate expenses paid in 2013 not claimed in boxes 29 to 38. Describe the amounts claimed in 'Any other information', box 66 on page LU 4.

Lloyd's foreign tax

This section brings together all the foreign tax details to work out your pool of Lloyd's foreign tax for 2013–14. For Lloyd's foreign tax, a pooling system operates whereby profits from membership of Lloyd's are regarded as a single item of foreign income and all foreign tax paid on that income is treated as foreign tax on that single item of foreign income.

Box 44 *US income tax paid*

Enter in box 44 the total US income tax paid shown in sterling on your CTA 1 (2010). For Names with no 2010 account participations, details will be reflected on the CTA 2 (2013).

Box 45 *Canadian tax paid*

Enter in box 45 the total Canadian tax paid shown in sterling on your CTA 1 (2010). For Names with no 2010 account participations, details will be reflected on the CTA 2 (2013).

Box 46 *Syndicate foreign tax*

Enter in box 46 the amount of syndicate foreign tax shown on your CTA 1 (2010). For Names with no 2010 account participations, details will be reflected on the CTA 2 (2013).

Box 47 *Additional payments of foreign tax*

In some circumstances, you may have made additional payments of foreign tax that relate to an earlier tax year, for example, tax arising from any audit adjustments to an earlier year's overseas return of Lloyd's profits. Enter in box 47 any such amounts paid in 2013.

For more information about foreign tax and relief against UK tax on Lloyd's profits, see Helpsheet 240 *Lloyd's underwriters*.

Calculating Lloyd's taxable profits or allowable losses

If you made a profit

Box 49 *Profit from box 41*

If your total Lloyd's income in box 27 is more than the total losses and expenses in box 40, enter the difference in box 41 and copy the profit figure from box 41 to box 49 in the 'Profit' column. Fill in boxes 50 to 52 as appropriate and ignore boxes 53 to 58 in the right-hand column.

Box 50 *Foreign tax claimed as a deduction*

If you have paid foreign tax and want to claim this as a deduction against your Lloyd's profits (rather than claim Foreign Tax Credit Relief), enter in box 50 the total foreign tax from box 48.

Box 51 *Lloyd's losses brought forward from earlier years used against this year's profits*

You may deduct from this year's profits any Lloyd's losses for 2012–13 or earlier years which you claimed to carry forward against later Lloyd's profits. The maximum amount you can enter in box 51 is the profit figure in box 49.

If you made a loss

Box 53 *Loss from box 42*

If your total losses and expenses in box 40 are more than the total Lloyd's income in box 27, enter the difference in box 42 and copy the loss figure from box 42 to box 53 in the 'Loss' column. Fill in boxes 54 to 58 as appropriate and ignore boxes 49 to 52 in the left-hand column. The box 58 entry may reflect losses set against chargeable gains recorded at box 14 of the *Capital gains summary* pages.

Box 54 *Foreign tax claimed as a deduction*

If you have paid foreign tax and want to claim this as a deduction to increase your Lloyd's losses, enter in box 54 the total foreign tax from box 48.

Box 55 *Loss for the year 2013–14*

This is your total Lloyd's loss relating to the 2013–14 tax year.

If you have made a loss for 2013–14, you may be able to claim tax relief for it. There are limits to the relief allowed for losses from 6 April 2013. These limits apply to losses from Lloyd's underwriting as with any other trade. More information can be found in Helpsheet 227 *Losses*. For more information specific to Lloyd's losses where these differ from other trades in the rules for commencement of trade and terminal loss relief as an Underwriting Name, please refer to Helpsheet 240 *Lloyd's underwriters*. You should make sure that you make your claim within the time limit prescribed. We cannot usually accept late claims.

If relief has already been claimed for all or part of the underwriting loss at box 55, please give details in box 66 of:

- the amount claimed
- the year or years in which the loss was relieved
- any amendments to your original claim.

Box 56 *Loss set off against other income for 2013–14*

You can claim relief for the loss subject to the limits explained in Helpsheet 227 *Losses* by reducing your other taxable income for 2013–14. The loss you claim in box 56 will usually be the whole of the loss. But your total income minus deductions cannot be reduced below zero. So, the figure you put in box 56 should be no higher than your total income minus deductions.

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Box 57 *Loss carried back to set against earlier years*

If you want to claim relief for this loss by setting it against income of an earlier year, or years, enter the amount of the loss to be carried back in box 57. The amount of relief you can claim is subject to the limits explained in Helpsheet 227 *Losses*.

Box 58 *Unused loss available to carry forward after all other set-offs*

If you wish to claim relief for your loss by carrying it forward to set against future profits, enter the amount of the unused loss to be carried forward in box 58. This will be the loss for the year from box 55 minus any losses set off against other income in box 56 and any carried back in box 57 and any set off against chargeable gains in box 14 of the *Capital gains summary* pages.

If you converted to limited liability underwriting through a Nameco or Limited Partnership (LLP or SLP) after 6 April 2004, you may be able to carry forward unused trading losses. See Helpsheet 240 *Lloyd's underwriters* for more details.

Lloyd's losses reconciliation

Please record here the unused underwriting losses that are carried forward to set against future profits. Complete boxes 59 to 62 to arrive at the total unrelieved losses carried forward to 2014–15.

Class 4 National Insurance contributions (NICs)

Class 4 National Insurance contributions (NICs) must be paid by all Names unless they are exempt or deferment applies. The Class 4 NICs rate for 2013–14 is 9% of taxable profits above £7,775 to the upper limit of £41,450, and 2% thereafter.

Box 63 *If you are exempt from paying Class 4 NICs*

You are exempt from paying Class 4 NICs if:

- on 6 April 2013 you were
  - — at or over State Pension age, at the beginning of the year of assessment (including if you reach State Pension age on 6 April), or
  - — under 16, or
- during 2013–14 you were not resident in the UK for tax purposes (if you are not sure please contact us or your tax adviser).

Put 'X' in box 63 if one of these conditions applies. Do not complete box 64 (Class 4 NICs deferment) or box 65 (Class 4 NICs profit adjustment).

Box 64 *If you have been given a 2013–14 Class 4 NICs deferment certificate*

If you are employed as well as self-employed, the National Insurance Contributions and Employer Office (NIC&EO) may agree that some of your Class 4 NICs can be deferred until your overall contributions can be determined. If your application for deferment is agreed NIC&EO will send you a certificate of deferment (form CA2703). Only put 'X' in box 64 if you have already been given a certificate of deferment. If you want to apply for deferment of Class 4 NICs please contact us.

Box 65 *Adjustment to profits chargeable to Class 4 NICs*

Deduct any adjustments that reduce the amount of Class 4 NICs payable, such as Lloyd's losses from earlier years that have not yet been set against profits chargeable to Class 4 NICs. (Losses are allowable for Class 4 NICs in the same way as they are for tax.) The losses brought forward should be included in box 65 'Class 4 National Insurance contributions (NICs)' on page LU 4 if you have no other business apart from membership of Lloyd's. If you have more than one business, then see Helpsheet 220 *More than one business*.

More information

Helpsheet 240 *Lloyd's underwriters* gives more information on:

- foreign tax
- personal stop loss (PSL)
- Capital Gains Tax
- conversion to limited liability underwriting
- losses
- Special Reserve Funds
- death
- members who participated in 1971
- exempt amounts.