

MARKET BULLETIN

From Senior Tax Manager Taxation (extn 6839)

Date 26 January 2006

Reference Y3734

Subject **UK Tax - Syndicate Tax Returns**

Subject areas Changes to the rules for making syndicate tax returns

Attachments Appendix I and II

Action points **Note changes**

Deadlines **Returns must be made by 1 July 2006**

Finance (No 2) Act 2005 gave H M Revenue and Customs ("HMRC") the power to make new Regulations governing syndicate tax returns. Following consultation with the market regarding the proposed changes (see market bulletin Y3664) the Regulations were laid before Parliament and came into force on 27 December 2005. The new Regulations are enclosed as Appendix II.

Appendix I contains a letter from HMRC detailing the key changes as a result of the new Regulations. The Regulations are intended to modernise, but not substantially change, the rules in relation to the filing of syndicate tax returns and the determination of the syndicates' taxable results. However, particular note should be taken of the two changes detailed below.

1. Change to the deadline for filing the syndicate tax return with HMRC

Under the previous rules, contained within Schedule 19 FA 1993, syndicate tax returns had to be filed with HMRC by 1 September of the year following the closing year. Therefore the tax return in respect of year of account which closed on 31 December 2004 had to be filed by 1 September 2005 in order to avoid penalties for late filing.

Under the new Regulations the filing deadline has been moved to 1 July of the year following the closing year. Therefore, syndicate tax returns for underwriting years which closed on 31 December 2005 will need to be filed by 1 July 2006.

2. Supporting Accounts

As previously, the syndicate tax return will need to be accompanied by accounts and tax computations. The accounts required will be the syndicate annual accounts as required by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 (SI 2004/3219) (the Lloyd's Regulations) and the underwriting year accounts for the relevant year. Where there is no requirement for the underwriting year accounts to be audited (either under the Lloyd's Regulations or the Lloyd's Syndicate Accounting Bye-law 2005), HMRC have said that they will accept unaudited underwriting year accounts in the format required by Lloyd's i.e. the relevant pages from the Lloyd's Annual Return.

There are many pages to the Lloyd's Annual Return and rather than submit them all it may be appropriate to submit only those that are relevant to the tax return. As a guideline the most relevant pages have been identified below, with reference to the 2005 Lloyd's Annual Return:

- AR100 – Technical Account by Reporting Year
- AR102 - Cumulative Technical Account by Reporting Year
- AR201 and AR205 – Balance Sheet Assets and Liabilities
- Auditors Report

This bulletin is being issued to managing agents and recognised auditors. If you have any questions, please contact:

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Date 12 January 2006

Our Ref

Your Ref

Dear David

Lloyd's Tax Regulations

The Lloyd's Underwriters (Tax) Regulations 2005 came into force on 27 December 2005. The regulations take the place of Schedule 19 to Finance Act 1993, with effect for the 2006 accounting period for corporate members and the 2006-07 tax year for individual members. They are set out in Statutory Instrument 2005/3338. Schedule 19 has been repealed by Statutory Instrument 2005/3337(C.142).

I said I would write to you summarising the new arrangements. Overall, managing agents will notice little difference from the previous procedures. The essential points to note are that the filing date has been brought forward from 1 September to 1 July, and form LL250 will have a slightly new format.

Background

The administrative machinery relating to the assessment and collection of tax from Lloyd's underwriters, set out in Schedule 19 to Finance Act 1993, was in need of updating. Section 45 Finance (No 2) Act 2005 allowed for the repeal of Schedule 19, and its replacement by regulations, which will make it easier to update the machinery in future, both in response to developments in the tax system and in Lloyd's own rules and practices.

The new regulations broadly follow the same format as Schedule 19. The key changes are that the new system requires the managing agent to 'self-determine' the syndicate profit or loss, introduces a new filing date and a new date by which HMRC must open an enquiry,

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Director: Stephen Banyard



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and new rules under which an enquiry into the syndicate's return is to be made. The new procedures also allow for electronic filing of syndicate returns.

The regulations also consolidate some older material from the Lloyd's Underwriters (Tax) Regulations 1995 (SI 1995/351) which relate to managing agents' responsibilities, and reproduce Part 3 of Schedule 19, which deals with repayments of tax on investment income. In practice very few such repayment claims arise now.

'Self determination'

Under the Schedule 19 procedures, the Revenue issued a notice to the managing agent requiring a return of the syndicate's profit or loss for each closing and run-off year of account, together with accounts and tax computations. The Revenue would formally agree the profit or loss with the managing agent. The system was similar to that which applied to income tax and corporation tax returns before the introduction of self-assessment.

The new Lloyd's Tax Regulations apply self-assessment principles to the determination of syndicate profits. In future the return by the managing agent will include a determination of the syndicate profit or loss. HMRC then has a fixed period in which to open an enquiry into the syndicate return. If it does not, the managing agent's determination becomes final. Where there is no enquiry, there will normally be no further correspondence between HMRC and the managing agent in respect of that return.

Filing date

Under the new procedures, HMRC may issue the notice requiring a return at any point after the end of the closing year, that is, at any point after 31 December. In 2006 HMRC will issue the notices in February. In future years they will normally be issued in January. This is a change from the old procedure, under which the notice was issued on or after 6 April following the closing year.

The return must be made by the following 1 July (or 3 months after the issue of the notice, whichever is later).

Enquiries

If HMRC decide to enquire into the return, it must give notice to the managing agent by the following 31 December, unless the return is late, in which case the time limit is extended. The managing agent has until the same date to make any amendments to the return. The normal rules that apply to enquiries into company tax returns (which are set out in Schedule 18 to Finance Act 1998) are applied to enquiries into syndicate returns, with a number of adaptations to make them appropriate to such returns.

The regulations also allow HMRC to make an estimated determination of the syndicate profit or loss where the managing agent does not make a return; allow for 'discovery' determinations where a determination was insufficient or in cases of fraudulent or negligent conduct; and allow the managing agent to amend the determination where there was an error or mistake in the return. Again, these rules broadly follow the normal enquiry rules in Schedule 18 FA 1998.

Electronic filing

The new regulations allow (but do not require) managing agents to make returns by electronic means. We do not envisage electronic filing being used in 2006, but the Large Business Service and managing agents will be able to discuss the details of any such arrangements for the future.

Form LL250

Form LL250 has been amended to take account of the new regulations, and to reflect the move to annual accounting at syndicate level. The statement of the syndicate's profit or loss made by the managing agent will constitute the determination. The return must be accompanied, as now, by accounts and tax computations.

The accounts required will be the syndicate annual accounts required by the Lloyd's Accounts Regulations 2004, and the underwriting year accounts for each closing or run-off year. The latter will be the audited accounts (where this is a requirement of the Lloyd's Accounts Regulations, or of the 2005 Lloyd's Syndicate Accounting Byelaw), or equivalent unaudited underwriting year accounts. In practice the forms included in the Annual Return required by Lloyd's in respect of the underwriting year results will be accepted as equivalent unaudited accounts.

I attach a copy of the new form LL250.

Procedures in 2006

The key dates for managing agents to note for 2006 are therefore:

February 2006 – issue of forms LL250 by the Large Business Service Financial Sector at 22 Kingsway.

1 July 2006 – filing date for the syndicate return and tax computations, including the 2005 annual accounts, and accounts for the 2003 underwriting year closed at 31 December 2005, and any run-off years at that date.

31 December 2006 – the date by which HMRC will have issued notices of enquiry.

As in previous years, the LL250 will include an authorisation to permit the exchange of information with Lloyd's Members' Service Department, so that the MSU can continue to produce consolidated tax advices.

Yours sincerely

Tony Sadler
Policy and Technical Adviser (Insurance Group)

Syndicate number	<input type="text"/>
Financial Year	<input type="text"/>
Underwriting Year	<input type="text"/>
Date issued	<input type="text" value="/ /"/>

LBS Financial Sector (London)
22 Kingsway
LONDON WC2B 6NR

J Tyler
HM Inspector of Taxes

Telephone: 020 7438 6396

Lloyd's underwriters

Return of Lloyd's syndicate profit and loss

By law, you must make a return of the syndicate profit or loss of the above syndicate for the year shown.

You should send me the following

- annual accounts
- underwriting year accounts
- a determination of the syndicate's profits or loss for the underwriting year
- computations of syndicate profit or loss showing how entries in the return have been calculated from the relevant figures in the accounts.

Please complete this form and sign the declaration. You should then return it to me at the address shown above with the accounts and any relevant schedules.

Determination of profit or loss

Figure of profits chargeable or losses allowable under Case 1 of Schedule D \ Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005.

£

Please enclose your computations.

Authorisation

In order to assist the Tax Operations Department, Members' Services Unit, Lloyd's in their role of producing taxation advice for Lloyd's members, I **authorise** you to disclose details of the above syndicate determination, or any amendment to that determination, to that department.

Signature

Date

Declaration

False declarations can result in prosecution

I, as agent for the syndicate, confirm that to the best of my knowledge and belief, the information contained in this return is correct and complete.

Name

Signature

Date

Notes

- 1 You must submit this return by
 - 1 July following the end of the underwriting year, **or**
 - three months after the day this return was served, **if later.**
- 2 If the return is not made on time, the agent will be liable to a **penalty** of £60 per 50 members (or part of 50) for each day that the return is outstanding.
- 3 A penalty may be chargeable for an incorrect return.
- 4 'Financial year' is the period referred to in Regulation 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 ('the Lloyd's Accounts Regulations').
- 5 'Annual accounts' are the syndicate annual accounts and report, and auditors report, referred to in Regulation 3 of the Lloyd's Accounts Regulations.
- 6 'Underwriting year accounts' are the syndicate underwriting year accounts and report, and auditors' report, referred to in Regulation 4 of the Lloyd's Accounts Regulations; or the syndicate run-off accounts, managing agent's report and auditors' report referred to in the Lloyd's Syndicate Accounting Byelaw (2005) ('the Lloyd's SAB'); or, where no such accounts are prepared under Regulation 4 of the Lloyd's Accounts Regulations or the Lloyd's SAB, equivalent unaudited accounts.
7. 'Underwriting year' is the closing underwriting year, referred to in section 184(1) Finance Act 1993, or any underwriting year where the syndicate continues after the end of its closing year.

 STATUTORY INSTRUMENTS

2005 No. 3338

INCOME TAX

CORPORATION TAX

The Lloyd's Underwriters (Tax) Regulations 2005

<i>Made</i> - - - -	<i>6th December 2005</i>
<i>Laid before the House of Commons</i>	<i>6th December 2005</i>
<i>Coming into force</i> - -	<i>27th December 2005</i>

The Commissioners for Her Majesty's Revenue and Customs, in exercise of the powers conferred by sections 182(1)(a) and (6) and 184(1) of the Finance Act 1993(a), sections 229(1)(a) and (2) and 230(1) of the Finance Act 1994(b), sections 132 and 133(2) of the Finance Act 1999(c) and section 45(11) and (12) of the Finance (No. 2) Act 2005(d), and now vested in them(e), make the following Regulations:

PART 1

General

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Lloyd's Underwriters (Tax) Regulations 2005 and shall come into force on 27th December 2005.

(2) These Regulations shall have effect—

- (a) in their application to members who are individuals, for the year 2006-07 (including any actions taken before 6th April 2006, in relation to the year 2006-07) and subsequent years of assessment; and
- (b) in their application to corporate members, for accounting periods ending after 31st December 2005 (but not in relation to profits and losses arising to corporate members which are mentioned in section 220(2) of the Finance Act 1994 and are declared in 2005).

(a) 1993 c. 34; section 182(1)(a) was relevantly amended (and subsection (6) added) by section 45(2) and (3) of the Finance (No. 2) Act 2005 (c. 22).

(b) 1994 c. 9; section 229(1)(a) was relevantly amended (and subsection (2) added) by section 45(6) and (7) of the Finance (No. 2) Act 2005.

(c) 1999 c. 16.

(d) 2005 c. 22.

(e) The functions of the Commissioners of Inland Revenue were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5 of the Commissioners for Revenue and Customs Act 2005 (c. 11).

Interpretation

2.—(1) In these Regulations—

“the Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs;

“managing agent”, in relation to a syndicate and an underwriting year, means—

- (a) the person registered as a managing agent at Lloyd’s who is currently acting as such managing agent, or
- (b) such person who has previously acted as managing agent in relation to that syndicate and underwriting year, as the Commissioners may determine;”

“the Management Act” means the Taxes Management Act 1970(a);

“notice” has the meaning in section 832(1) of the Taxes Act(b);

“Schedule 18” means Schedule 18 to the Finance Act 1998(c);

“the Taxes Act” means the Income and Corporation Taxes Act 1988.

(2) In relation to members who are individuals, other expressions which are defined in Chapter 3 of Part 2 of the Finance Act 1993 have those defined meanings.

(3) In relation to corporate members, other expressions which are defined in Chapter 5 of Part 4 of the Finance Act 1994 have those defined meanings.

PART 2

Determination of a syndicate’s profit or loss

Preliminary

3. In this Part of these Regulations “profit or loss”, in relation to a syndicate, means the aggregate amount of such of the profits or losses of all the members of the syndicate (taken together) as arise—

- (a) directly from their membership of the syndicate, or
- (b) from assets forming part of premium trust funds,

and “profits” and “losses” shall be construed accordingly.

Returns by managing agent

4.—(1) An officer of Revenue and Customs may, by notice to a syndicate’s managing agent, require him to deliver a return (a “syndicate return”) of the syndicate’s profit or loss for an underwriting year (the amount of that profit or loss being referred to as a “syndicate determination”).

(2) A notice under paragraph (1) may be given—

- (a) at any time after the closing year for the underwriting year in question; and
- (b) more than once, (in particular where the syndicate continues after the end of its closing year).

(3) The return shall—

- (a) contain such information as may reasonably be required by the notice; and
- (b) be accompanied by such accounts, statements and reports as may reasonably be so required.

(a) 1970 c. 9.
(b) 1988 c. 1.
(c) 1998 c. 36.

(4) The filing date for any syndicate return required by a notice under paragraph (1) is whichever is the later of—

- (a) 1st July in the underwriting year next following that closing year; and
- (b) the end of the period of three months beginning on the day following that on which the notice was served.

(5) If a syndicate's managing agent, having been required by a notice under paragraph (1) to deliver a return, fails to deliver the return on or before the filing date, he shall be liable to a flat-rate penalty equal to the prescribed amount multiplied by the number of days on which the failure continues.

(6) In paragraph (5) "the prescribed amount" means £60 for each fifty members of the syndicate (counting any number of members less than fifty, and any number left over, as fifty).

(7) If a syndicate's managing agent fraudulently or negligently delivers an incorrect return under paragraph (1), he shall be liable to a penalty not exceeding £3,000 multiplied by the number of members of the syndicate.

(8) In relation to a return required by a notice under paragraph (1)—

- (a) any reference in paragraph (4) or (5) to the filing date for, or delivery of, a return is a reference to its delivery together with the accompanying documents referred to in paragraph (3)(b); and
- (b) the reference in paragraph (7) to the return being incorrect includes a reference to any of those documents being incorrect.

Amendment of syndicate determinations and HMRC enquiries

5.—(1) In relation to both members who are individuals and corporate members, the like provisions as are contained in paragraphs 15, 16, 24, 25, 27 to 29 and 31 to 34 of Schedule 18(a) shall apply with the modifications in paragraphs (2) to (6).

(2) For references to—

- (a) the company substitute references to the syndicate's managing agent;
- (b) the company tax return substitute references to the syndicate return;
- (c) the company's self-assessment, tax payable or tax liability, substitute references to the syndicate determination;
- (d) an accounting period (or periods) substitute references to the underwriting year to which the syndicate return relates (or would relate); and
- (e) the Inland Revenue substitute references to Her Majesty's Revenue and Customs.

(3) In paragraph 15(4) for "twelve" substitute "six".

(4) In paragraph 16(3) for "nine" substitute "three".

(5) In paragraph 24(2) for "twelve" substitute "six".

(6) Omit paragraphs 32(2) and (3) and 34(1)(a)(ii), (2)(a)(ii) and (5).

(7) The giving of a notice of enquiry to a syndicate's managing agent under the like provisions as are contained in paragraph 24 of Schedule 18 shall be deemed to include the giving of notice of enquiry—

- (a) under section 9A(1) of the Management Act(b) to each member of the syndicate who is an individual, and who at that time has made a return under section 8 or 8A of that Act or at any subsequent time makes such a return; and
- (b) under paragraph 24 of Schedule 18 to each member of the syndicate who at that time has made a company tax return or at any subsequent time makes such a return.

(a) Paragraph 27 was relevantly amended and paragraphs 31A to 31D were inserted by paragraphs 7 and 38 of Schedule 29 to the Finance Act 2001 (c. 9).

(b) Section 9A was substituted by paragraph 4(1) of Schedule 29 to the Finance Act 2001.

HMRC determinations

6.—(1) In relation to both members who are individuals and corporate members, the like provisions as are contained in paragraphs 36 and 40 of Schedule 18 shall apply with the modifications in paragraphs (2) and (3).

(2) For references to—

- (a) the company substitute references to the syndicate's managing agent;
- (b) the company tax return substitute references to the syndicate return;
- (c) the company's self-assessment or tax payable, substitute references to the syndicate determination;
- (d) an accounting period (or periods) substitute references to the underwriting year to which the syndicate return relates (or would relate); and
- (e) the Inland Revenue substitute references to Her Majesty's Revenue and Customs.

(3) Omit paragraphs 36(3) and (6)(a) and 40(1)(b) and (2).

Discovery determinations

7.—(1) In relation to both members who are individuals and corporate members, the like provisions as are contained in paragraphs 41(2) to 44 and 46 to 49 of Schedule 18 (as they apply to discovery determinations) shall apply with the modifications in paragraphs (2) and (3).

(2) Except in paragraph 49 of Schedule 18, for references to—

- (a) the company substitute references to the syndicate's managing agent;
- (b) the company tax return substitute references to the syndicate return;
- (c) the company's self-assessment or tax payable, substitute references to the syndicate determination;
- (d) an accounting period (or periods) substitute references to the underwriting year to which the syndicate return relates (or would relate); and
- (e) the Inland Revenue substitute references to Her Majesty's Revenue and Customs.

(3) In paragraph 41(2) of Schedule 18, omit—

- (a) "for another accounting period" in paragraph (a), and
- (b) paragraph (b).

Relief in case of mistake in syndicate return

8.—(1) In relation to both members who are individuals and corporate members, the like provisions as are contained in paragraph 51 of Schedule 18 shall apply with the modifications in paragraph (2).

(2) For references to—

- (a) the company substitute references to the syndicate's managing agent;
- (b) the payment of tax, an assessment or the profits of the company for corporation tax purposes substitute references to the syndicate determination;
- (c) the liability of the claimant or claimant company, treat them as including references to the liability of the members of the syndicate;
- (d) an accounting period (or periods) substitute references to the underwriting year to which the syndicate return relates (or would relate); and
- (e) the Inland Revenue substitute references to Her Majesty's Revenue and Customs.

Apportionments of syndicate's profit or loss

9.—(1) Where a determination of a syndicate's profit or loss for an underwriting year is made, amended or corrected (whether under the foregoing provisions of these Regulations or on appeal), the officer may, by notice in writing to the syndicate's managing agent, require him to make to the officer, within the specified period, a return apportioning, between the members of the syndicate, the syndicate's profit or loss as stated in the determination as so made, amended or corrected.

(2) If a syndicate's managing agent, having been required by a notice under paragraph (1) to deliver a return within the specified period, fails to deliver the return within that period, he shall be liable to a penalty equal to the prescribed amount multiplied by the number of days on which the failure continues.

(3) In paragraph (2) "the prescribed amount" means £5 for each fifty members of the syndicate (counting any number of members less than fifty, and any number left over, as fifty).

(4) In this regulation "the specified period" means such period, not being less than thirty days and beginning with the day following the date of the notice under paragraph (1), as may be specified in that notice.

Effect of determinations on members

10.—(1) A determination of a syndicate's profit or loss for an underwriting year (whether originally made or as amended or corrected) and any apportionment under regulation 9 shall, for the purpose of determining the liability to tax of each member of the syndicate, be conclusive against that member that the syndicate's profit or loss for that year, or the member's share of it, as the case may be, is as there stated.

(2) Where a determination of a syndicate's profit or loss for an underwriting year is amended or corrected at any time after the issue of a notice of assessment assessing any member of the syndicate to tax—

(a) (i) in relation to members who are individuals, section 31A of the Management Act (a) (notice of appeal) and section 55 of that Act (recovery of tax not postponed), and

(ii) in relation to corporate members, paragraph 48 of Schedule 18,

shall have effect, in relation to that member, as if any reference to the date of the notice of assessment, or the date of the issue of the notice of assessment, were a reference to the date of the amendment or correction; and

(b) in the case of an amendment, an assessment which gives effect to the determination as amended shall not be out of time if it is made within one year of the date of the amendment.

(3) Paragraph (2)(b) shall not apply in the case of an HMRC amendment under regulation 6 which is made later than six years after the end of the last year during which, or during any part of which, the syndicate continues.

Assessment of individual members: time limits

11. For the purposes of sections 36 and 40(b) of the Management Act and paragraph 46(2) of Schedule 18 (extension of time in cases of fraudulent or negligent conduct) anything done or omitted to be done by a syndicate's managing agent shall be deemed to have been done or omitted to be done by each member of the syndicate.

Non-delivery of return – reasonable excuse

12.—(1) For the purposes of these Regulations, a managing agent shall be deemed not to have failed to deliver—

(a) 1970 c. 9; section 31A was inserted by paragraph 11 of Schedule 29 to the Finance Act 2001 (c. 9).

(b) Section 36 was substituted by section 149 of the Finance Act 1989 (c. 26).

- (a) a syndicate return by the filing date referred to in regulation 4(4), or
- (b) a return apportioning a syndicate profit or loss within the period referred to in regulation 9(4),

if he delivered it within such further time, if any, as the officer of Revenue and Customs may have allowed.

(2) Where a managing agent had a reasonable excuse for not delivering a return mentioned in paragraph (1), he shall be deemed not to have failed to deliver it—

- (a) unless the excuse had ceased, and
- (b) if, after the excuse ceased, he delivered it without unreasonable delay.

Determinations and notices of determinations

13. The like provisions as are contained in section 113(1B) of the Management Act(a) shall apply to a determination or notice of a determination under regulations 6 or 7 as if the determination were an assessment and the notice of a determination were a notice of an assessment.

PART 3

Repayment of tax deducted etc. from investment income

14.—(1) In relation to an underwriting year, a syndicate's managing agent may, by notice in writing at any time during the period of six years beginning with the 1st March next following the end of the closing year for that year, make a claim to an officer of Revenue and Customs for the repayment of tax suffered by way of deduction on such of the syndicate's investment income as is allocated to that year in accordance with the rules or practice of Lloyd's.

(2) The syndicate's managing agent shall provide such information in support of the claim as the officer may reasonably require.

(3) Where an amount is repaid to a syndicate's managing agent under this regulation, he shall—

- (a) apportion that amount between the members of the syndicate in proportion to their interests in that part of the syndicate's investment income which has suffered tax by way of deduction; and
- (b) except in so far as it is required to meet a share of a loss of the syndicate, pay the amount so apportioned to each member, within 90 days of the repayment, to the members' agent of that member.

(4) The provisions of section 824 of the Taxes Act (repayment supplements: individuals and others) shall not apply to any repayment of tax made under this regulation.

(5) In this regulation "investment income", in relation to a syndicate, means the aggregate amount of the profits arising to all the members of the syndicate (taken together) from assets forming part of premium trust funds.

(6) In its application to a corporate member, this regulation shall have effect as if—

- (a) in paragraph (3)(b), the reference to the members' agent of each member were a reference to each corporate member itself; and
- (b) in paragraph (4), the reference to section 824 of the Taxes Act were a reference to section 826 of that Act (interest on tax overpaid).

(a) Section 113(1B) was inserted by paragraph 10 of Schedule 4 to the Finance Act 1970 (c. 4).

PART 4

Electronic communications, consequential provisions and repeals

Amendment to the Income and Corporation Taxes (Electronic Communications) Regulations 2003

15. In regulation 2(1)(a) of the Income and Corporation Taxes (Electronic Communications) Regulations 2003(a), after paragraph (ii) insert—

“(ia) the Lloyd’s Underwriters (Tax) Regulations 2005.”.

Consequential provisions and repeals

16. In section 184(1) of the Finance Act 1993(b), in the definition of “members’ agent”, for “Part II of Schedule 19 to this Act” substitute “the Lloyd’s Underwriters (Tax) Regulations 2005”.

17. In Schedule 1 to the Income Tax (Trading and Other Income) Act 2005(c) omit paragraph 465.

18. Regulations 3, 7 and 8 of the Lloyd’s Underwriters (Tax) Regulations 1995(d) are hereby revoked.

*Steve Lamey
David Varney*

6th December 2005

Two of the Commissioners for Her Majesty’s Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide administrative machinery for Lloyd’s managing agents to make returns of syndicates’ profits and losses for tax purposes, and for assessment and collection of tax (replacing and modernising the provisions of Schedule 19 to the Finance Act 1993). The regulations apply for and in relation to the tax year 2006-07 for individual members of Lloyd’s, and for accounting periods beginning after 31st December 2005 for Lloyd’s corporate members.

Regulation 1 provides for citation, commencement and effect, and regulation 2 for interpretation.

Regulation 3 defines a syndicate’s profit or loss for the purposes of the Regulations.

Regulation 4 provides for managing agents to deliver returns of syndicates’ profit or loss (a “syndicate determination”), to H.M. Revenue and Customs, and for penalties for failure to do so.

Regulation 5 makes provision for amendment of syndicate determinations by managing agents, and for HMRC enquiries into returns.

Regulation 6 makes provision for HMRC determinations of a syndicate’s profit or loss (in the absence of a return), and regulation 7 makes provision for “discovery determinations.”

Regulation 8 makes provision in connection with relief where there has been a mistake in a return.

Regulation 9 makes provision for apportionment of a syndicate’s profit or loss between its members, and Regulation 10 provides for syndicate determinations and apportionments to be binding on the members. Regulations 11 to 13 make technical provision in connection with assessment of tax, and Regulation 14 for repayment of tax deducted from investment income.

(a) S.I. 2003/282.
(b) 1993 c. 34.
(c) 2005 c. 5.
(d) S.I. 1995/351.

Regulation 15 provides that managing agents may make returns to H.M. Revenue and Customs electronically. Regulations 16 to 18 make amendments and repeals as a consequence of these Regulations.

A Regulatory Impact Assessment has not been published for this instrument as it has no impact (exceeding the de minimis level) on business, charities or voluntary bodies.