

Taxation of Lloyd's Income and Gains in Ireland

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Table of Contents

Introduction	2
1 The UK Permanent Establishment	2
2 Definition of the Lloyd's return	2
3 Underwriting profits and losses.....	2
3.1 Basis of assessment	2
3.2 Taxable amount	3
3.3 Treatment of Lloyd's expenses.....	3
3.4 Allowance for Irish Accountancy Fees	4
3.5 Foreign Tax Credits.....	4
3.6 Preliminary Income Tax Payments	5
3.7 Loss relief.....	5
3.8 Retirement Annuity Premium Relief	6
3.9 Currency conversion	6
3.10 Transitional rules	6
3.11 Immigration / Emigration	7
3.12 Deceased Names	7
4 Syndicate capital appreciation	8
4.1 Basis of assessment	8
4.2 The taxable amount	8
4.3 Foreign tax credits.....	8
4.4 Capital Gains Tax Payments.....	9
4.5 Capital Losses	9
4.6 Rate of Capital Gains Tax	9
4.7 Deceased Names	9
5 Funds at Lloyd's	10
5.1 Income	10
5.2 Capital gains	10
6 Impact for Irish Taxation of the Changes contained in the 1993 UK Finance Act	10

Extract from Tax Briefings, Issue 19 (November 1995) and Issue 26 (April 1997).

Introduction

This article sets out the taxation of Lloyd's Income and Gains in Ireland. The material has been approved and agreed by Revenue with the Irish Taxation adviser to Lloyds and with Lloyd's Taxation Department.

While the main focus of the article is on the tax treatment for 1995/96 it also covers such matters as:-

- the fundamental principles by which Lloyd's Names are taxed,
- the changes which resulted from the introduction of Self Assessment, and
- the impact for Irish Taxation of the changes introduced in the 1993 UK Finance Act.

When filing their Tax Returns, Names should include the annual Double Taxation Report issued to them by Lloyd's Central Services Unit (CSU).

1 The UK Permanent Establishment

All Members of Lloyd's are deemed to be trading through a permanent establishment in the UK and consequently are liable to UK tax on the income and gains connected with the permanent establishment. The rules governing the assessment to UK tax of Lloyd's income and capital gains are contained in the UK Income Taxes Acts and associated Regulations.

2 Definition of the Lloyd's return

A Name's return from Lloyd's falls into three distinct categories which are :

- underwriting profit or loss (including syndicate investment income)
- capital appreciation
- income and gains arising from the Funds at Lloyd's

Each of these categories is dealt with separately below.

3 Underwriting profits and losses

3.1 Basis of assessment

Underwriting profits or losses are assessed in the income tax year following the close of the underwriting account - in effect for the year of distribution. For example, a profit or loss for the 1992 Account, closed 31 December 1994 and distributed six months later in June 1995, is assessed for 1995/96. The income is reportable on the tax return covering the year of assessment of the income. The 1995/96 income tax return must be lodged with the Irish Revenue by 31 January, 1997. In practice, Names should have sufficient information to meet this reporting deadline.

The profits or losses are treated as arising from a separate Case III source assessable according to the rules of Case I.

The Lloyd's account is treated as co-terminus with the year of assessment for tax purposes. Thus, a Name whose first underwriting year is 1992, closed on 31 December 1994, would be firstly assessed on this income for 1995/96. Because the account is regarded as co-terminus with the year of assessment the apportionment normally associated with commencement situations is not required. Similarly, a Name ceasing to underwrite and whose last underwriting year is 1992, would have a final year of assessment covering his Lloyd's income for 1995/96. As Names are taxed on a quasi-actual basis no revisions occur on the cessation.

3.2 Taxable amount

The underwriting profit or loss assessable can be identified from the taxation advice which Lloyd's Central Services Unit (CSU) issues - a copy is attached as Appendix I. The relevant figure is the gross profit or loss shown on Line 14. This gross profit or loss figure will require further adjustment to take account of:

- (i) personal expenses deductible for Irish taxation purposes which are not included on the taxation advice - such as stop loss premium and letter of credit costs.
- (ii) non-syndicate income such as stop loss recoveries.

Once these adjustments have been made, the underwriting profit or loss can be reached.

3.3 Treatment of Lloyd's expenses

As indicated above, relief may also be claimed for certain expenses which the Name has paid personally. Such expenses will typically include letter of credit and bank guarantee charges, stop loss insurance premiums, ALM subscriptions and expenses, accountancy fees and interest on loans to fund underwriting losses. Documentation in support of the claim should be provided.

In addition, further expenses may also be deductible - for example, travelling costs. Travel and accommodation costs in attending meetings of the Association of Lloyd's Members in Ireland are allowable provided the Name can satisfy the Irish tax authorities that the expenditure was incurred wholly and exclusively for the purposes of the trade. Documentation in support of the claim should be provided.

The Irish Revenue consider that the cost of travel between a Name's home and London is not allowable as the trade is carried on in London. They may, however, be prepared to allow relief for the cost of overnight accommodation in London if it can be demonstrated that it is a necessary business expense which satisfies the wholly and exclusively test.

3.4 Allowance for Irish Accountancy Fees

Whilst recognising that the UK accountancy fees deductible in the UK cover the allowable accountancy expenses required to produce the UK taxable result, it is acknowledged that additional work is necessary in Ireland to adjust the UK figures for the purposes of reporting in Ireland. For tax years up to and including 1995/96 an allowance based on the UK scale fee was permitted whereby one-third of the permitted UK scale was allowed as an expense in addition to the scale charge. However, the UK scale fee regime is being phased out in the UK and will completely cease after the 1993 year of account. Consequently, from and including the 1996/97 tax year a deduction may be claimed for Irish tax purposes for Irish accountancy expenses incurred in arriving at the Irish Lloyds taxable figures on an actual basis, subject to any necessary apportionment where any such expenses also relate to non-Lloyds related aspects.

3.5 Foreign Tax Credits

There are three categories of foreign tax which might have been deducted from underwriting profits:

- non-US or non-Canadian income taxes paid on certain overseas premiums,
- US and Canadian Federal Income Taxes,
- UK tax.

Credit relief is available for all these foreign taxes in computing Irish income tax, subject to the usual limits/rules.

Where credit relief has been claimed for any foreign taxes which are subsequently refunded, then an appropriate adjustment to the original claim will need to be made. Credit relief for foreign taxes should be restricted to take account of any anticipated refunds of foreign taxes. The expression of doubt provisions of Section 14(4), Finance Act, 1988 can be applied, where circumstances permit.

Non-US or Non-Canadian income taxes

The taxation advice shows foreign taxes, apart from US and Canadian taxes, on Line 22. These foreign taxes will already have been taken into account on the taxation advice as a deduction in computing the underwriting profit or loss. Where there is an overall profit it will have to be added back for Irish tax purposes and credit relief claimed, subject to effective rate computations, etc.

US and Canadian Federal Income Taxes

Credit for US and Canadian taxes will also be available. The figures in relation to US and Canadian taxes on income (as opposed to capital gains) will be available from the CSU double taxation relief report which is produced annually. The CSU produces a double taxation relief report and the figure available for relief will be shown on this report.

UK tax

Credit for UK tax - both basic and higher rate (where relevant) - is due subject to the normal rules.

3.6 Preliminary Income Tax Payments

Lloyd's income must be taken into account when the preliminary income tax payment is calculated.

If the taxation advice has not been issued when the preliminary tax payment is due, the personal consolidated statement (distribution account) should be used instead. Please note that the result shown in the statement does not take account of any adjustments that are needed for UK taxation purposes but it should, for the majority of Names, give a reasonable indication of the taxable result.

Names, when computing their preliminary tax payment, should remain conscious of the interest penalties that can arise if the payment does not constitute either

- 100% of their liability for the preceding income tax year, as adjusted where required by legislative changes,
- 90% of their finally computed liability for the income tax year in question, or
- 105% of their liability for the pre-preceding income tax year, where the Name has entered into an arrangement with the Collector-General to pay preliminary tax by "direct debit."

3.7 Loss relief

Any losses arising from a Name's underwriting activity are available for relief under Section 307, Income Tax Act, 1967 [now Section 381 TCA 1997]. In addition terminal loss relief is available on a cessation under Section 311, Income Tax Act, 1967 [now Section 385 TCA 1997].

A Name, with underwriting losses, is entitled to raise with his/her local Inspector of Taxes the possibility of having current loss relief coded into his/her certificate of tax free allowances, subject to being able to provide appropriate objective back-up in the form of CSU taxation advice. Loss relief will only be given insofar as the losses can be expected to exceed any other income of the Name which is taxable by way of direct assessment. This is on the basis that a Name can in effect claim relief in relation to such income via his/her preliminary tax payment.

Pre-1986 account underwriting losses forward can also be offset against pre-1986 syndicate investment income, insofar as these losses are based on agreed figures and there is no reopening of closed years.

Any losses arising from a Name's underwriting activity, insofar as not relieved under Section 307, Income Tax Act, 1967 [now Section 381 TCA 1997], may be carried forward for offset against future Lloyd's underwriting profit.

Special transitional rules applied in relation to losses incurred in the 1985, 1986 and 1987 underwriting Accounts. These rules are considered further in Paragraph 3.10 below which deals specifically with the transitional provisions.

3.8 Retirement Annuity Premium Relief

For tax years up to and including 1995/96 a Name's underwriting profits are only treated as earned income for retirement annuity purposes, where that Name is a "working Name". A "working Name" broadly speaking is one who spends on average, throughout the tax year, at least 75% of a normal working week actively engaged in the business of Lloyd's, e.g. in the office of an underwriting agency or Lloyd's broker.

From and including the 1996/97 tax year a Name's underwriting profits and income arising from funds at Lloyd's will be treated as earned income for retirement annuity purposes without reference to the concept of "Working Name".

3.9 Currency conversion

The Sterling results should be translated into Irish currency for tax purposes at the sterling selling rate on the last market day of the calendar year of closing. Thus, the results for the 1992 Account, closing on 31 December, 1994, should be translated into Irish pounds at the rate as at 31 December 1994. This method of conversion should be applied consistently from one year to the next.

3.10 Transitional rules

The introduction of self assessment in the Finance Act, 1988 resulted in a radical revision of the agreed treatment of Irish Names for Irish tax purposes.

Lloyd's profits, up to and including the 1984 Account, were dealt with under the old rules which broadly followed existing UK basis of assessment rules.

However, from and including the 1985 account, the new rules (as outlined in the preceding paragraphs) applied. There are a number of consequential transitional rules arising from this change.

For a Name engaged in underwriting activities prior to 1984, and who continued to be a Name, no assessment of Lloyd's profits were made for the years 1985/86, 1986/87 and 1987/88. The profits for the 1985, 1986 and 1987 Accounts are instead assessed in 1988/89, 1989/90 and 1990/91.

To take account of this change in practice, certain transitional rules exist for Names who incurred losses in any of the 1985, 1986 and 1987 Accounts. These Names have the option of claiming relief for the losses in either:

- 1985/86, 1986/87 or 1987/88; or in
- 1988/89, 1989/90 or 1990/91 respectively.

Each year is looked at independently. Therefore, if a Name wishes to claim a loss in the 1985 Account as a 1985/86 loss, he/she may opt to claim relief for a 1986 Account loss as either a 1986/87 or as a 1989/90 loss (but not both). This is subject to the time limit rules on losses.

3.11 Immigration / Emigration

Many of these cases will arise in situations where the Name is either coming from or going to a country with which Ireland has a double taxation agreement.

Immigration

In the case of immigration the Name will generally be within the Irish tax net from the time of taking up residence in Ireland. Thus, a Name taking up residence in Ireland in 1995/96 would be assessable by reference to the Lloyd's 1992 underwriting year. If losses arose in that year these would be deductible against subsequent underwriting results, subject to the normal rules. Tax credit relief should generally be available under most double taxation agreements.

Emigration

Similar issues will also arise in the case of emigration. In the vast majority of cases it is expected that emigration will generally fall to be dealt with under the relevant double taxation agreement, which would obviously dictate the appropriate treatment.

The Revenue's approach in the case of emigration to non-treaty countries is as follows:

- Generally, Names who emigrate will continue to be charged to Irish income tax at the standard rate, with any tax credit relief confined to that rate, for each of the three years following emigration. Thus, a Name emigrating in 1991/92 would remain assessable for tax years up to and including 1994/95 covering underwriting years up to and including the 1991 account.
- However, it is recognised that this approach would give rise to anomalous results in Ireland where a Name had been resident for a period of, say, less than six years. For example, a Name resident in Ireland for three tax years might under the above treatment be assessable for six tax years, covering six underwriting accounts. These situations will be dealt with by the Revenue on a case by case basis, the general intention being to ensure that the Name is not assessable for years in excess of those of actual residence.

3.12 Deceased Names

A deceased Name will be taxed in the year of assessment in which death occurs following the normal rules outlined at Paragraph 3.1. Thus, a Name dying in January 1995 will be assessable for 1994/95 on the results of the 1991 underwriting account. Certain underwriting accounts will not be closed at the time of death and therefore some profits or losses will remain to be established for the Lloyd's activities.

The latter income will be assessed on the executors for each of the subsequent years of assessment for which underwriting profit or losses remain to be determined. Thus, in the example given above, the executors would be assessable for 1995/96 on the results of the 1992 account, for 1996/97 on the results of the 1993 account and so on. Personal allowances and reliefs would not be available.

Where a deceased Name has underwriting losses carried forward as at the date of death, these may be carried forward to his/her Executors for offset against any subsequent underwriting profits assessable in their name. Terminal loss relief will also be available to the Executors on losses arising in the final year of assessment of Lloyd's income. This relief may be carried back for offset against Lloyd's income in earlier years including the year of assessment in which death occurred subject to the three year rule. Any losses on underwriting accounts not closed at the date of death and assessed on the Executors are relievable only against other Lloyd's related income and not against any other income assessable on the Executors as part of the Estate.

4 Syndicate capital appreciation

4.1 Basis of assessment

The syndicate capital gains for the account are also assessable in the tax year following the close of account - in effect in the year of distribution. For example, gains for the 1992 Account, which closes at 31 December 1994, are assessable for 1995/96.

4.2 The taxable amount

The capital gain or loss shown at Line 15 on the CSU taxation advice, which includes UK indexation relief, is assessable together with certain gains which are exempt from UK tax. These are shown on Line 11 of the form. The capital gain or loss is therefore the sum of Lines 11 and 15. Please note that indexation relief is not available for the UK exempt gains as the Irish Revenue take the view that the assets have been held for less than twelve months.

Where there are overall gains, after taking the above factors into consideration, then these gains will be assessable to Irish tax. Where there is an overall capital loss, then that loss will be available for offset against any personal gains in Ireland in the normal way subject to the normal reliefs and exemptions.

4.3 Foreign tax credits

UK capital gains tax will have been deducted from any syndicate capital gains. Such capital gains tax is calculated on a syndicate-by-syndicate basis and withheld as appropriate by the Managing Agents. It is not computed with reference to the overall position. Some of this tax will be refunded to Irish Names by the Inland Revenue after taking account of exemptions. However, the unrefundable portion will be available for credit.

In addition, US and Canadian taxes might be attributable to syndicate capital appreciation. The figure for US and Canadian tax relating to capital gains is shown on the double taxation relief report produced by the CSU.

Where credit relief has been claimed for any foreign taxes which are subsequently refunded then an appropriate adjustment to the original claim will need to be made. Credit relief for foreign taxes should be restricted to take account of any anticipated refunds of foreign taxes. The expression of doubt provisions of Section 955 (4) Taxes Consolidation Act 1997, can be applied where the circumstances permit. Where credit is available for foreign tax in computing Irish capital gains tax the relief is subject to the usual limits/rules.

4.4 Capital Gains Tax Payments

A Name's share of syndicate capital gains or losses should be taken into account in computing the capital gains taxation payment. If the CSU taxation advice is not available when the payment is due, the capital appreciation figure shown on the consolidated personal statement can be used instead.

4.5 Capital Losses

Any capital losses as computed for UK tax purposes and shown on the CSU taxation advice will also be available for Irish tax purposes in accordance with the normal rules.

4.6 Rate of Capital Gains Tax

The rate of capital gains tax is 20%.

4.7 Deceased Names

A deceased Name would be taxed on his/her capital gains in the year of assessment in which death occurs following the normal rules outlined at Paragraph 4.1. Thus, a Name dying in January 1995 will be assessable for 1994/95 on the syndicate capital gains of the 1991 underwriting account. However, as noted under Paragraph 3.12 above, certain underwriting accounts will not be closed at the time of death, and therefore syndicate capital appreciation will remain to be established.

These latter gains will be assessed on the Executor for each of the subsequent years of assessment, along the lines of the income tax treatment for underwriting profits or losses in this situation. Where the deceased Name has capital losses carried forward as at the date of death, these may be carried forward to his/her Executors for offset against any subsequent syndicate capital gains assessable in their name (but not against any other capital gains assessable on the Executors). The Executors will also be permitted to carry back capital losses arising in the final year of assessment of Lloyd's income and gains for offset against earlier years, including the year of assessment in which death occurred, subject to the normal three year rule. The capital gains tax personal exemption is not available in respect of assessments relating to the post-death period.

5 Funds at Lloyd's

5.1 Income

Names may also have a Personal Reserve Fund in addition to their Lloyd's Deposit. Any income and capital gains arising from assets held in these funds will not be shown on the CSU taxation advice. The income arising from these investments is treated for Irish tax purposes as part of the underwriting result - consistent with the treatment in the UK - and should be included in the Names' annual tax returns. This income is therefore taxable under the normal principles and the three year accounting period does not apply.

5.2 Capital gains

Any capital gains arising to a Name on disposals of any investments held in the Funds at Lloyd's are subject to Irish capital gains tax in accordance with the normal rules. These gains are not disclosed on the CSU taxation advice, but must nevertheless be included in the Names annual tax returns.

6 Impact for Irish Taxation of the Changes contained in the 1993 UK Finance Act

The UK's 1993 Finance Act introduces a number of changes to the basis upon which Lloyd's income is taxed in the UK. The changes are broadly tax neutral. Principal among them is the taxation as business income of capital appreciation on invested premiums (formerly taxed under the Capital Gains Tax rules) and the introduction of a new reserving arrangement, the New Special Reserve Fund, with contributions to the reserve qualifying as a business expense. The New Special Reserve Fund reflects the acceptance by the UK tax authorities of the special nature of Lloyd's business, the length of the business cycle and the inherent volatility of the results.

Capital appreciation on invested premiums will cease to be taxed under the Irish Capital Gains Tax rules from 1 January 1994 and the treatment in Ireland of the New Special Reserve Fund will follow that adopted in the UK from the Lloyd's 1992 Year of Account. However, the 1992 and 1993 Accounts assessable for 1995/96 and 1996/97 will include gains arising before 1 January 1994 and these gains are subject to capital gains tax.

Appendix I

Lloyd's Central Services Unit
UK Taxation Advise

LLOYD'S

LLOYD'S OF LONDON

One Lime Street, London EC3M 7HA

Contact:

Date of issue:

PRIVATE & CONFIDENTIAL

To:

Name:

Lloyd's No:

Ref: 1/1/.....

Your Ref:

Status:	Final Advice
Underwriting account:	1992 and run-off accounts during 1994 Fiscal Year: 1992/93

Notes:

Please refer to the syndicate analysis and notes		£
1.	Total result per personal accounts	
2.	Add: Disallowed syndicate expenses	
3.	Disallowed reinsurance to close/estimated future liabilities	
4.	Disallowed personal expenses	
5.	Notional UK tax on stock dividends	
6.	US federal income tax	
7.	Canadian federal income tax	
8.	Capital gains tax	
9.	Less: Disallowed reinsurance to close/estimate of future liabilities brought forward	
10.	Overseas tax	
11.	Tax exempt appreciation	
12.	Indexation relief	
13.	Total tax adjusted results (see below)	
14.	TAX ADJUSTED RESULTS: Case I profit/(loss) - agreed by HMIT Case I profit/(loss) - per managing agent	Total: £
	Additional disallowances required by HMIT	
	Total agreed Case I profit/(loss)	
15.	Chargeable capital gain - agreed by HMIT	
15b	Capital (loss) - agreed by HMIT	
16.	Income tax deducted by member's agent	
17.	Special reserve fund (transfer)/withdrawal	
	Memorandum Information:	
18.	Total accrued income within Case I results	
19.	Income exempt to non-resident/UK domiciled	
20.	Income exempt to non-resident/non-UK domiciled	
21.	Capital gains exempt to non-resident	
22.	Foreign tax on premiums and investment income	
23.	Interest on 3½% War Loan	
24.	Personal exchange gains/(losses)	
25.	Interest charged on late paid calls	

Lloyd's UK Taxation Advice

Name:

Status: Final Advice

Syndicate Number

Year of account

Open/closed at 31 December 1994

Date of Issue:

Lloyd's No:

Underwriting account: 1992 and run-off accounts during 1994

Other Total
Expenses

One Lime Street, London EC3M 7HA

Page 1 of 1

Fiscal Year - 1992/93

		£	£	£	£	£	£	£	£	£	£
1.	Total results per personal accounts										
2.	Add: Disallowed syndicate expenses										
3a	Disallowed RITC/EFL - agreed by agent										
3b	Disallowed RITC/EFL -accepted by agent										
3c	Disallowed RITC/EFL - HMIT requirement										
4.	Disallowed personal expenses										
5.	Notional UK tax on stock dividends										
6.	US federal income tax										
7.	Canadian federal income tax										
8.	Capital gains tax										
9.	Less: Disallowed RITC/EFL brought forward										
10.	Overseas tax										
11.	Tax exempt appreciation										
12.	Indexation relief										
13.	Tax adjusted results										
14.	Case I profit/(loss) - agreed by HMIT										
	Case I profit/(loss) - per managing agent										
	Additional disallowances required by HMIT										
	Total Case I profit/(loss)										
15.	Chargeable capital gain/(loss) - agreed by HMIT										
	Memorandum information:										
18.	Total accrued income within Case I results										
19.	Income exempt to non-resident/UK domiciled										
20.	Income exempt to non-resident/non UK domiciled										
21.	Chargeable gains exempt to non-resident										
22.	Foreign tax on premiums and investment income										
23.	Interest on 3½% War Loan										
24.	Personal exchange gains/(losses)										
25.	Interest charged on late paid calls.										

Lloyds of London

Guidance notes for consolidated UK taxation advices: 1992 Account - including run-off accounts during 1994 Tax year 1992/93

1. FORMAT

This consolidated advice is in two parts, a detailed sheet(s) showing the results for all the Name's syndicate participations and a summary showing the total result. The same headings (lines 1-25) are shown in both parts. Lines 2-12 detail the adjustments made to the distributed results (line 1) for taxation purposes to arrive at the total taxable result (line 13) which is split between case I and chargeable gains at lines 14 and 15. Both the case I and chargeable gain amounts are rounded down in the taxpayer's favour in accordance with Inland Revenue practice. Any difference between line 13 and the sum of lines 14 and 15 is due to the effect of rounding. Line 16 shows the deduction by the members' agent of any payment to the Inland Revenue 'on account' of UK income tax at the basic rate. It should be noted that, by Inland Revenue concession for the 1992 account the deduction of basic rate tax by members' agents has been suspended and accordingly no amounts will be shown at line 16. Line 17 shows any transfer to or from new-style special reserve fund. Lines 18-25 are memorandum items, referred to below.

2. STATUS

If described as "interim" then the managing agent of one or more syndicates in which the Name participates has not agreed its tax figures with the Inland Revenue. In such cases, a final advice will be issued once all of the syndicate figures have been agreed for taxation purposes.

3. CASE I PROFIT (LOSS)

- a) Leeds Underwriters Unit no longer issues form LL9 summarising the Case I results and accrued income. This advice together with details of Lloyd's personal income and expenses provide the necessary information for completion of tax returns.
- b) In computing the Case I result, no allowance has been made in respect of Name level personal expenses - e.g. accountants' fees, bank guarantee charges, personal stop loss premiums and ALM, action group and other expenses. The Inland Revenue requires that these expenses be claimed by the Name when submitting the tax return.
- c) 1992 account members' agents fees and profit commission are deductible for the 1995/96 year of assessment. The CSU will be providing details of these items in a separate advice.
- d) No credit for stop loss recoveries has been taken in computing the Case I result; recoveries should be included in the Name's tax return.

- e) Where, at the date of issue, the managing agent of a syndicate has been unable to agree the determination of a syndicate's Case I result by HM Inspector of Taxes, the amount in dispute is identified within line 14 - "Additional disallowances required by HMIT".
- f) Details of any disallowed reinsurance to close/estimated future liabilities brought forward from the previous year (line 9) and any amounts now disallowed (line 3) can be obtained from the relevant managing agent.
- g) The Case I profit/loss (line 14) is inclusive of Case VI accrued income noted at line 18; the amounts exempt to non-residents are shown at lines 19 and 20.
- h) Exchange gains or losses and interest on syndicate late paid calls (lines 24 and 25) are amounts charged to the Name by managing agents through the 1992 account distribution statements.
- i) Foreign taxes on premiums and investment income (line 22) have been deducted in determining the Case I result. US and Canadian federal income taxes (lines 6 & 7) have not been allowed, Lloyd's will compute the double taxation relief due in respect of these foreign taxes. Relief, whether by tax credit or deduction for all foreign taxes, will be given automatically by Leeds (Underwriters Unit).

4. CAPITAL GAINS/LOSSES

- a) Leeds Underwriters Unit no longer issues form LL200 summarising syndicate gains and losses. Claims to offset personal and Lloyd's gains and losses may be made supported by this advice.
- b) Capital gains tax at the basic rate is payable by managing agents on each syndicate's gain (after allowing for indexation relief) at line 15a. Any capital gains tax shown at line 8, represents an accounting provision and will be ignored by the Inland Revenue for the purposes of calculating any repayment. Where applicable, a claim for refund of capital gains tax should be made to Leeds (Underwriters Unit). Indexation relief is shown separately at line 12.
- c) Capital gains/losses(line 15) includes gains/losses that are exempt to non-resident Names; these gains are shown at line 21.
- d) Under the provisions of the Finance Acts 1973 and 1993, it is the Name's personal responsibility to report details of any disposals of investments comprising the Funds at Lloyd's to the Inland Revenue. This advice does not include any related capital gains or losses.

5. OVERSEAS NAMES**North America and Australia**

The information contained in this advice should not be used by US, Canadian or Australian Names for domestic tax reporting purposes. Information is provided separately for these purposes in a form agreed by Lloyd's with the relevant taxing authority.

Republic of Ireland

Irish Names should use this form to extract information for their domestic tax reporting purposes. Any capital gains/(losses) which are exempt from UK capital gains tax are shown on line 11 and should be translated into Irish currency at the sterling selling rate on the last market day of 1994.

APPENDIX II**TIMETABLE 1992 ACCOUNT UK YEAR OF ASSESSMENT 1992/93 - IRISH YEAR OF ASSESSMENT 1995/96**

TIME	GENERAL	UK TAXATION	IRISH TAXATION
<u>1994</u> December	Account closes		
<u>1995</u> By 30 June		Calculation of UK Capital Gains Tax by Managing Agents	
June/July	Personal consolidated statements sent to all Names		
July/September		Submission of syndicate taxation computations to UK tax authorities	
On or before 1 November October-December		(i) Agreement of syndicates tax computations (ii) Preparation of apportionment schedules (iii) Tax advices issued by CSU) (iv) Double taxation relief report produced by CSU (v) Issue of tax repayments by UK Revenue.	Preliminary income tax payment due
<u>1996</u> January onwards April onwards		Tax repayments continue to be issued Higher rate income tax assessments issued.	
1 July On or before 1 November		Due and payable date for higher rate tax	Preliminary Capital gains tax payment due.
<u>1997</u> On or before 31 January On or before 30 April			Irish tax return to be lodged with the authorities. Balance of Irish tax payable.

Appendix III

NAME _____

LLOYD'S YEAR OF ACCOUNT - 19()**A (i) Computation of Underwriting profit or Loss**

IR£

Gross Profit/(Loss) per line 14 of Taxation Advice

Less: Stop loss premium

Estate Protection Plan premium

Bank guarantee/letter of credit charges

Travel & accommodation

Irish/UK accountancy charges

/ALM subscriptions

Other allowable expenses

Add: Stop loss recoveries

Other taxable receipts

Foreign taxes per line 22 of Taxation Advice

Taxable Profit/(Loss)**(ii) Foreign Taxes on profit (see Section 3.5 of attached Bulletin)**

Foreign taxes per line 22 of Taxation Advice

US and Canadian taxes per Double Taxation

Relief Report

UK tax paid personally

B (i) Computation of Capital Gain or Loss

Capital Gain/(loss) per line 15 of Taxation Advice

Add: Exempt gains per line 11 of Taxation Advice**Taxable Gain/(Loss)****(ii) Foreign Taxes on Capital Gain/Loss (see Section 4.3 of attached Bulletin)**

US and Canadian taxes per Double Taxation Relief

Report

UK tax paid

NB: Names must also report income and capital gains/losses from Funds at Lloyd's. See Section 5 of attached Bulletin.