STATUTORY INSTRUMENTS

1974 No. 896

INCOME TAX

The Lloyd's Underwriters (Tax) Regulations 1974

Made - - - -	23*rd May* 1974
Laid before the House of Commons -	5*th June* 1974
Coming into Operation	26*th June* 1974

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by paragraph 17 of Schedule 16 to the Finance Act 1973(a), hereby make the following Regulations:—

PART I

GENERAL

1. These Regulations may be cited as the Lloyd's Underwriters (Tax) Regulations 1974 and shall come into operation on 26th June 1974.

2. The Interpretation Act 1889(b) shall apply for the interpretation of these Regulations as it applies for the interpretation of an Act of Parliament.

3.—(1) In these Regulations, unless the context otherwise requires—

"the closing year", in relation to any year of assessment, means the year of assessment next but one following that year (that is to say, in relation to the year 1972–73, the year 1974–75; in relation to the year 1973–74, the year 1975–76; and so on);

"first assessment" or "second assessment", in relation to an assessment on a member's underwriting profits or syndicate investment income, means the assessment so described in Regulation 14 or 15;

"member" means an underwriting member of Lloyd's;

"Schedule 10" means Schedule 10 to the Income and Corporation Taxes Act 1970(c);

(a) 1973 c. 51. (b) 1889 c. 63. (c) 1970 c. 10.

"Schedule 16" means Schedule 16 to the Finance Act 1973;

"syndicate gains" means the chargeable gains accruing to a member on the disposal of assets forming part of a premiums trust fund;

"syndicate investment income" means the profits or gains arising to a member from assets forming part of a premiums trust fund;

"the Taxes Acts" has the same meaning as in the Taxes Management Act 1970(a);

"underwriting profits" means the profits or gains arising from a member's underwriting business in respect of which he is assessable to income tax under Case I of Schedule D;

other expressions have the same meaning as in the Taxes Acts.

(2) For the purposes of these Regulations an underwriting year corresponds to a year of assessment if it ends in that year.

PART II

ASSESSMENT AND COLLECTION

4.—(1) The provisions of the Taxes Acts relating to the assessment and collection of tax shall have effect subject to the following provisions of this Part of these Regulations in relation to tax charged in accordance with the provisions of Schedule 16 or these Regulations.

(2) The Taxes Management Act 1970 shall have effect as if—

(*a*) in Section 33(1) (error or mistake claim), for the words "after the end of the year of assessment", and in Section 34(1) (ordinary time limit for making assessments), for the words "after the end of the chargeable period" there were substituted in each case the words "after the end of the year which is the closing year in relation to the year of assessment";

(*b*) in Section 37(1) (extended time limit for making assessments), for the words "after the end of that year" there were substituted the words "after the end of the year which is the closing year in relation to that year";

(*c*) in Section 40(1) and (2) (assessment on personal representatives), for the words "the third year next following the year of assessment" there were substituted the words "the third year next following the year which is the closing year in relation to the year of assessment";

(*d*) in Section 43(1) (time limit for making claims), for the words "from the end of the chargeable period" there were substituted the words "from the end of the year which is the closing year in relation to the year of assessment";

and as if "the closing year" had in those sections the same meaning that it has in these Regulations.

(a) 1970 c. 9.

5.—(1) Subject to Regulations 14(2), 15(2), 16(2), 20(3) and 22(2), tax charged in accordance with the provisions of Schedule 16 or these Regulations shall be payable as provided in the following paragraphs:

Provided that tax included in an assessment made after the date specified in paragraph (2), (3) or (4) below shall be deemed to be payable on the day next following the day on which the assessment is made.

(2) Income tax charged at the basic rate by an assessment for any year on a member's underwriting profits or on his syndicate investment income shall be payable on or before 1st January in the year of assessment next following the closing year.

(3) Income tax charged at rates other than the basic rate by such an assessment shall be payable on or before 1st July in the year of assessment next but one following the closing year.

(4) Tax charged by an assessment for any year on syndicate gains shall be payable on or before 1st January in the year of assessment next following the closing year.

6.—(1) Where any syndicate investment income which is charged to income tax at the basic rate by an assessment made under this Part of these Regulations has suffered tax by way of deduction, the tax so deducted shall be set in the first place against the tax charged by that assessment.

(2) Where, under the provisions of Section 87 of the Finance Act 1972(a), the aggregate amount of any such income includes an amount of tax credit, the amount of that credit shall similarly be set in the first place against the tax so charged.

(3) Where any such income consists of interest or dividends paid by a building society to which the provisions of Section 343(3) of the Income and Corporation Taxes Act 1970 apply, the amount actually paid or credited shall be deemed to be a net amount corresponding to a gross amount from which income tax has been duly deducted at the standard rate or basic rate for the year in which the income was paid or credited.

PART III

RUNNING-OFF SYNDICATES

7.—(1) Where, for an underwriting year corresponding to any year of assessment (in this Regulation called the "basis year"), the accounts of a syndicate remain open beyond the end of the closing year—

(*a*) any receipts and outgoings of the syndicate in an underwriting year corresponding to a year of assessment after the closing year shall be deemed for the purposes of Case I of Schedule D to be referable to the last underwriting year but one preceding the year in which they occur,

(a) 1972 c. 41.

and not to the basis year, and the liability of a member participating in the syndicate shall be computed accordingly; and

(*b*) any syndicate investment income or syndicate gains arising or accruing in an underwriting year corresponding to a year of assessment after the closing year to a member who participates in the syndicate shall be deemed for tax purposes to be allocated to the last underwriting year but one preceding that year, and not to the basis year, and the liability of such a member shall be computed accordingly:

Provided that, where a member who participated in such a syndicate dies, his share of any such receipts, outgoings, syndicate investment income or syndicate gains shall be deemed to be referable, or, as the case may be, to be allocated, to the underwriting year corresponding to the year of assessment in which he dies if that underwriting year is earlier than the underwriting year to which they would be deemed to be referable, or to be allocated, under the foregoing provisions of this paragraph, and the liability of such a member shall be computed accordingly.

(2) The provisions of paragraph (1) above shall apply to any receipts, outgoings, syndicate investment income or syndicate gains which arise or accrue in the underwriting year 1973 and later years.

(3) In relation to a syndicate to which this Regulation applies, references in these Regulations and in Schedule 16 to a member shall, where the context so requires, be construed as including a former member.

(4) For the purpose of this Regulation "receipts" and "outgoings" include the appropriate opening and closing reserves for outstanding liabilities brought into account for an underwriting year.

PART IV

RELIEF FROM CAPITAL GAINS TAX ON DEATH OF A MEMBER

8. Where a member dies after 5th April 1972 while carrying on his underwriting business, this Part of these Regulations shall have effect in relation to any assets forming part of his premiums trust fund, and he shall not be regarded for the purposes of Part III of the Finance Act 1965**(a)** as competent to dispose of such assets on his death.

9.—(1) For such a member there shall be calculated the following amount (in this Part of these Regulations called the "exempt amount"), that is to say—

$$\frac{X}{Y} \times \frac{Z}{2}$$

where—

X is the average of the valuations of the assets actually forming part of the member's premiums trust fund at the beginning and at the end of each of

(a) 1965 c. 25.

the two underwriting years immediately preceding the underwriting year in which the member dies;

Y is the greater of—

(*a*) the average for one year of the sum of the amounts realised from any disposals of such assets in each of those two years; and

(*b*) one-quarter of X; and

Z is the average for one year of the total of the gains or losses accruing in respect of those assets in each of the said two years, computed as the sum of the difference described in paragraph 6(3) of Schedule 16 for each of those years:

Provided that—

(*a*) for the purpose of calculating Y and Z, there shall be taken into account the securities mentioned in paragraph 7 of Schedule 16 insofar as—

(i) those securities are disposed of in the said years; and

(ii) their disposal gives rise to a chargeable gain or allowable loss;

(*b*) for the purpose of calculating X, the average of the valuations of such securities (insofar as they fall within sub-paragraphs (i) and (ii) of paragraph (*a*) of this proviso), shall be deemed to be the value of the said securities at the beginning of the relevant year;

(*c*) in the case of a member who dies in the underwriting year next following the year in which his underwriting business commenced, for the references in this paragraph to the two underwriting years preceding the underwriting year in which he dies, there shall be substituted references to the underwriting year immediately preceding that year;

(*d*) in those cases where no gains or losses have accrued to a member in the underwriting year immediately preceding the underwriting year in which he dies, by reason of—

(i) his death in the underwriting year in which his underwriting business commences; or

(ii) his death in the underwriting year in which he joins a syndicate;

there shall be deemed for tax purposes to be no chargeable gain or allowable loss accruing to such a member in the underwriting year in which he dies in the circumstances specified in sub-paragraph (i) above, or in respect of that particular syndicate in the underwriting year in which he dies in the circumstances specified in sub-paragraph (ii) above, in respect of the assets forming part of the relevant premiums trust fund or funds.

(2) Where the member participated in more than one syndicate, the exempt amount shall be the aggregate of the amounts calculated in accordance with the provisions of paragraph (1) above for each such syndicate.

10.—(1) The exempt amount shall be treated as an allowable loss, or, where the amount signified by Z in the formula given in paragraph (1) of Regulation 9 is the amount of a net average loss, as a chargeable gain, accruing in the year of assessment in which the member dies, and shall be taken into account ac-

cordingly in computing his liability to capital gains tax for that year.

(2) Any repayment of tax or additional assessment made necessary by the inclusion in such computation of the exempt amount shall be made to or on the member's personal representatives.

PART V

TRANSITIONAL PROVISIONS

Members who died or ceased underwriting before 1st January 1973

11.—(1) A member who died before 1st January 1973, or whose business ceased before that date, shall be charged to tax in all respects as if paragraphs 2(*a*), 3 and 14 of Schedule 16 and (insofar as it relates to the year 1972–73) Part III of Schedule 22 to the Finance Act 1973 (repeals) had not been enacted.

(2) Any such member who died, or whose business ceased, after 31st December 1971 shall be liable to tax for the year 1972–73 in respect of his syndicate investment income and syndicate gains in accordance with the provisions of Regulations 15, 20 and 22, and for the year 1973–74 in respect of his syndicate investment income in accordance with the provisions of Regulation 16.

(3) A member who died, or whose business ceased, before 1st January 1972 shall be liable to tax in respect of his syndicate investment income and syndicate gains as if paragraphs 2(*b*) and 6 of Schedule 16 had not been enacted.

Members who commenced underwriting on 1st January 1972

12.—(1) Notwithstanding the provisions of Section 116 of the Income and Corporation Taxes Act 1970, a member whose underwriting business commenced on 1st January 1972 and did not cease before 1st January 1973 shall not be charged to tax for the year 1971–72 in respect of his underwriting profits, syndicate investment income or syndicate gains.

(2) Tax charged for the year 1972–73 in respect of the underwriting profits or syndicate investment income of such a member shall be payable in accordance with the relevant provisions of Regulations 14(2) and 15(2) relating to a second assessment or, insofar as the tax is surtax attributable to the inclusion in the computation of the member's total income of the amount of a second assessment, with the provisions of Regulation 20(3).

Other members

13. The following provisions of this Part of these Regulations shall have effect in respect of a member whose underwriting business commenced before 1st January 1972 and did not cease before 1st January 1973; and a second assessment made in accordance with the provisions of Regulation 14 or 15 below shall not be regarded for the purposes of Section 32 of the Taxes Management Act 1970 (relief for double assessment) as an assessment for the same cause and for the same chargeable period as a first assessment made in accordance with the said provisions.

Charge in respect of underwriting profits and syndicate investment income for 1972–73

14.—(1) A member shall be charged to income tax for the year 1972–73 in respect of his underwriting profits—

(*a*) on the profits of the underwriting year 1971 ("the first assessment"); and

(*b*) on the profits of the underwriting year 1972 ("the second assessment"):

Provided that, in the case of a member whose underwriting business commenced on 1st January 1971, and who gives to the Inspector such a notice as is referred to in Section 117 of the Income and Corporation Taxes Act 1970, the first assessment shall be calculated in accordance with the provisions of that section and not on the profits of the underwriting year 1971.

(2) Tax charged at the standard rate by an assessment made in accordance with paragraph (1) above shall be payable as provided by Section 4 of the Income and Corporation Taxes Act 1970, except that the said section shall apply as if, for the references therein to the 1st January in the year of assessment and to the following 1st July, there were substituted—

(*a*) in the case of a first assessment, references to 1st January 1975 and 1st July 1975; and

(*b*) in the case of a second assessment, references to 1st January 1976 and 1st July 1976.

15.—(1) A member shall be charged to income tax for the year 1972–73 in respect of his syndicate investment income—

(*a*) on the income actually arising in the underwriting year 1972, but which is allocated, in accordance with the provisions of paragraph 2(*b*) of Schedule 16, to the underwriting years 1970 and 1971 ("the first assessment"); and

(*b*) on the income which, under those provisions, is allocated to the underwriting year 1972 ("the second assessment").

(2) Tax charged at the standard rate by an assessment made in accordance with paragraph (1) above shall be payable as provided by Section 4 of the Income and Corporation Taxes Act 1970, except that the said section shall apply as if for the references therein to the 1st January in the year of assessment there were substituted—

(*a*) in the case of a first assessment, references to 1st January 1974; and

(*b*) in the case of a second assessment, references to 1st January 1976.

Charge in respect of syndicate investment income for 1973–74

16.—(1) Subject to paragraph (3) of this Regulation, a member shall be charged for the year 1973–74 in respect of his syndicate investment income—

(*a*) to income tax at the basic rate on the income actually arising in the underwriting year 1973, but which is allocated, in accordance with the provisions of paragraph 2(*b*) of Schedule 16, to the underwriting year 1971; and

(*b*) to income tax on the income which, under those provisions, is allocated to the underwriting year 1973.

(2) Tax charged by an assessment made in accordance with paragraph (1) above shall be payable as provided by Regulation 5, except that, in the case of an assessment made in accordance with sub-paragraph (*a*) of paragraph (1) above, the tax shall be payable on or before 1st January 1975.

(3) Income included in an assessment made in accordance with sub-paragraph (*a*) of paragraph (1) above shall be left out of account in computing the total income of the member for any of the purposes of the Taxes Acts.

Losses

17.—(1) Notwithstanding the provisions of paragraph 3 of Schedule 16, if a member sustains a loss in his underwriting business for the year 1971-72, relief under Section 168 of the Income and Corporation Taxes Act 1970 may, if he so claims, be given against his income for the year 1972–73 in accordance with the provisions of subsection (2) of that section.

(2) For the purpose of a claim made in the circumstances of paragraph (1) above, and for the purposes of any other claim to relief for the year 1972–73 under the provisions of the said Section 168 or paragraph 3 of Schedule 16, a loss sustained in the member's underwriting business in either of the underwriting years 1972 or 1973 shall, to the extent that it exceeds the gross amount of any payment made in respect thereof out of the member's special reserve fund or funds, be treated as reducing —

(*a*) first, any income charged by a second assessment made in accordance with Regulation 14;

(*b*) next, any income charged by a second assessment made in accordance with Regulation 15;

(*c*) next, any income charged by a first assessment made in accordance with Regulation 14;

(*d*) next, any income charged by a first assessment made in accordance with Regulation 15;

and as to any balance, in accordance with the provisions of Section 168(4) of the Income and Corporation Taxes Act 1970.

(3) For the purposes of any claim to relief under the provisions of Section 171 or 174 of the Income and Corporation Taxes Act 1970, the first and second assessments made for the year 1972–73 in accordance with the provisions of Regulations 14 and 15 respectively shall be treated as if they were made for separate consecutive years, the first assessments being allocated to the first such year, and the second assessments to the second such year.

Payments into and out of a special reserve fund

18.—(1) In determining the extent to which, under the arrangements described in Schedule 10, payments may be made into a member's special reserve fund or funds, the underwriting years 1971 and 1972 shall be treated as separate years, both corresponding to the year 1972–73.

(2) In the case of a payment made out of a member's special reserve fund by reason of a loss for the underwriting year 1971, paragraph 11(2)(*a*)(iii) of Schedule 10 shall have effect as if the words "which immediately preceded the year of assessment" were omitted and the year of assessment 1971–72 corresponded to that underwriting year.

Retirement annuities

19.—(1) The provisions of this Regulation shall have effect where a member's underwriting profits constitute relevant earnings for the purposes of Chapter III of Part IX of the Income and Corporation Taxes Act 1970.

(2) For the purposes of Section 227(1A) of the Income and Corporation Taxes Act 1970, any second assessment made on the member in accordance with Regulation 14 shall be treated as if it were made for a separate year in which he had no other relevant earnings; but in relation to that separate year the maximum amount shall be reduced by the appropriate percentage of—

(*a*) any relevant earnings of the member for the year 1972–73 from a source other than his underwriting business; and

(*b*) any pensionable emoluments of his for the year 1972–73.

(3) In paragraph (2) above, "the maximum amount" means the sum of £1,500, and "the appropriate percentage" means 15 per cent., or such other sum or percentage as is to be substituted therefor in accordance with Section 228(4) of the Income and Corporation Taxes Act 1970.

Surtax payable for the year 1972–73

20.—(1) The amount of surtax payable by the member for the year 1972–73 shall not exceed the total of—

$$A + B + C,$$

where—

A is the amount of surtax which would be payable in respect of the member's total income for that year, if in computing that total income all the first and second assessments were left out of account;

B is the difference between the surtax which would be payable in respect of his total income for that year, if the second assessments were left out of account, and A;

C is the difference between the surtax which would be payable in respect of his total income for that year, if the first assessments were left out of account, and A;

and such assessments, adjustments or repayments shall be made as may be necessary for this purpose.

(2) For the purpose of this Regulation—

(*a*) the amount of any first assessment on the member's syndicate investment income shall be increased by the amount of any such income actually arising in the underwriting year 1972 which is allocated to that year in accordance with the provisions of paragraph 2(*b*) of Schedule 16;

(*b*) any payment made into the member's special reserve fund or funds in respect of the underwriting year 1971 or 1972 shall be treated as reducing first the amount of the relevant first or second assessments; and

(*c*) any such share or charge as is described in paragraph 7(3)(*b*) of Schedule 10 shall be treated as reducing only the amount of the relevant first or second assessments.

(3) Any surtax which becomes payable as a result of the inclusion in the computation of the member's total income of the amounts of the first assessments or, as the case may be, of the second assessments, shall be payable on or before 1st January 1975, or on or before 1st January 1976, respectively:

Provided that any such surtax which is included in an assessment made after the relevant 1st January shall be deemed to be due and payable on the day next following the day on which the assessment is made.

(4) The provisions of Section 24 of the Finance Act 1971**(a)** shall not apply in respect of any such surtax as is mentioned in the preceding paragraph.

Cessation of business

21.—(1) When a member ceases to be a member of Lloyd's, or when his underwriting business ceases (if earlier), he may claim—

(*a*) in the computation of his underwriting profits for the year of assessment preceding the year of assessment in which the cessation occurs, a deduction equal to the lesser of—

(i) an amount equal to those profits; and

(ii) an amount equal to his underwriting profits for the underwriting year 1972; and

(*b*) that, for the year of assessment in which the cessation occurs, he shall be charged to tax in respect of his underwriting profits on the amount of the actual profits of the period beginning on 6th April in that year and ending on the relevant date (but subject to any deduction or set-off to which he may be entitled under Section 171 of the Income and Corporation Taxes Act 1970 in respect of any loss).

(2) For the purposes of sub-paragraph (*b*) of paragraph (1) above the relevant date is the actual date of cessation or, where the cessation occurs by reason of the member's death or resignation, such other date as, under the rules and

(a) 1971 c. 68.

practice of the syndicates in which the member participates, is the latest of the dates on which he is deemed to cease to participate in any of those syndicates.

(3) The provisions of this Regulation shall not apply more than once to any individual.

Capital gains tax

22.—(1) Capital gains tax shall be charged for the year 1972–73 in respect of a member's syndicate gains (other than gains on any such assets as are described in paragraph 7 of Schedule 16) as follows—

(*a*) on the gains which under the provisions of Part III of the Finance Act 1965 would have constituted chargeable gains of the member if all the assets forming part of a premiums trust fund on 31st December 1971 had been disposed of at market value on that day (such gains being deemed to be allocated equally between the underwriting years 1970 and 1971);

(*b*) on the gains, computed on the basis set out in paragraph 6(3) of Schedule 16, actually accruing in the underwriting year 1972 but allocated, as mentioned in paragraph 6(2) of Schedule 16, to the underwriting years 1970 and 1971;

(*c*) on the gains, so computed, actually accruing in the underwriting year 1973 but allocated to the underwriting year 1971;

(*d*) on the gains which, in accordance with the provisions of paragraph 6 of Schedule 16, are allocated to the underwriting year 1972.

(2) Tax charged in accordance with the preceding paragraph shall become due and payable as follows—

(*a*) insofar as it is charged under sub-paragraph (*a*) of that paragraph, as to one-third on 1st January 1974, and as to the balance on 1st January 1975;

(*b*) insofar as it is charged under sub-paragraph (*b*) of that paragraph, on 1st January 1974;

(*c*) insofar as it is charged under sub-paragraph (*c*) of that paragraph, on 1st January 1975; and

(*d*) insofar as it is charged under sub-paragraph (*d*) of that paragraph, on 1st January 1976.

General

23.—(1) For the purposes mentioned in paragraph (2) below, there shall be left out of account in computing the total income of the member, or (as the case may be) his liability to tax, for the year 1972–73;—

(*a*) the amounts of the second assessments—

(*b*) the gross amount of any payment into or out of the member's special reserve fund or funds in respect of the underwriting year 1972;

(*c*) the amount of any such share or charge as is described in paragraph 7(3)(*b*) of Schedule 10 and which relates to the underwriting year 1972; and

(*d*) the amount of any loss sustained in the member's underwriting business in the underwriting year 1972, and in respect of which relief is claimed for the year 1972–73, to the extent that it does not exceed the net total of the amounts specified in sub-paragraphs (*a*), (*b*) and (*c*) above.

(2) The purposes referred to in paragraph (1) above are—

(*a*) the ascertainment of total income under Section 20(3) and Section 21(1) of the Income and Corporation Taxes Act 1970 (relief on life assurance premiums);

(*b*) the ascertainment, under Section 30(3) of the said Act of 1970, of the amount of surtax which would be avoided by the sale of assets cum dividend;

(*c*) the ascertainment, under Section 31(*b*) of the said Act of 1970, of the excess surtax which would be payable by reason of the receipt of more than one year's income in the year from any assets;

(*d*) the ascertainment, under Section 32 of the said Act of 1970, of the excess surtax which would be payable by him as therein mentioned by reason of the purchase of assets cum dividend;

(*e*) the ascertainment, under Section 435, Section 441 or Section 449 of the said Act of 1970, of the amount of tax recoverable from another person in respect of income arising under a settlement; and

(*f*) the computation, under Section 21 of the Finance Act 1965, of the capital gains tax chargeable on the alternative basis mentioned in that section.

(3) Subject to Section 529 of the Income and Corporation Taxes Act 1970, the provisions of paragraph (1) above shall have effect also for the purposes of any provision of the Income Tax Acts which requires income of any other description to be treated as the highest part of the member's income.

Transitional provisions relating to running-off syndicates

24.—(1) In the case of syndicate investment income or syndicate gains to which Regulation 7 applies, this Part of these Regulations shall apply subject to the modifications set out in the following paragraphs of this Regulation.

(2) Regulation 15 shall apply subject to the omission in sub-paragraph (*a*) of paragraph (1) of the words "but which is allocated, in accordance with the provisions of paragraph 2(*b*) of Schedule 16, to the underwriting years 1970 and 1971" and the substitution in sub-paragraph (*b*) of that paragraph of the words "under the provisions of Regulation 7" for the words "under those provisions".

(3) Paragraph (1) of Regulation 16 shall apply subject to the omission of sub-paragraph (*a*) and the substitution in sub-paragraph (*b*) of the words "under the provisions of Regulation 7" for the words "under those provisions".

(4) Regulation 20 shall apply subject to the omission of sub-paragraph (*a*) of paragraph (2).

(5) Paragraph (1) of Regulation 22 shall apply subject to the omission in sub-paragraph (*a*) of the words in parenthesis, the omission in sub-paragraph (*b*) of the words "but allocated, as mentioned in paragraph 6(2) of Schedule 16, to the underwriting years 1970 and 1971", the omission in sub-paragraph (*c*) of the words "but allocated to the underwriting year 1971" and the substitution in sub-paragraph (*d*) of the words "Regulation 7" for the words "paragraph 6 of Schedule 16".

By Order of the Commissioners of Inland Revenue.

G. Wolters,
Secretary.

23rd May 1974.

EXPLANATORY NOTE

(*This Note is not part of the Regulations.*)

Schedule 16 to the Finance Act 1973 provides a new basis for the taxation of underwriting members of Lloyd's for 1972–73 and subsequent years. These Regulations specify (in Part II) the rules governing the tax assessments and claims for relief under the new basis and the time limits within which they must be made. They also specify the rules governing the payment of tax and the taking into account of tax deducted at source and tax credit.

The Regulation in Part III modifies the provisions of the Schedule in relation to syndicates of underwriters which continue for more than two years after the end of an underwriting year.

The Regulations in Part IV relate to relief from capital gains tax on the death of a Lloyd's underwriter in respect of assets forming part of his premiums trust fund. They provide special rules in place of the general relief of Section 24(1) of the Finance Act 1965, as amended by Section 59 of the Finance Act 1971, under which for capital gains tax purposes assets are deemed not to be disposed of on death.

The Regulations in Part V provide rules for the transition to the new basis of taxation from the basis previously in operation. They provide for tax to be charged for a transitional year on the underwriter's profits and gains relating to more than one year, subject to special rules for the assessment of surtax for that year and to relief when his underwriting business ceases.

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