Business Tax Regulations 2016

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Business Tax Regulations 2016

TABLE OF AMENDMENTS

The Business Tax Regulations 2016 SL 26 were notified on 4 November 2016 and commenced on 1 July 2016 (reg 2).

Amending Legislation	Notified	Date of Commencement
Revised Written Laws Act 2021 No 7	1 June 2021	1 June 2021

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The Cabinet makes the following Regulations under Section 46 of the *Business Tax Act 2016*:

1 Citation

These Regulations may be cited as the *Business Tax Regulations 2016*.

2 Commencement

These Regulations commence on 1 July 2016.

3 Definitions

(1) In these Regulations:

'Act' means the *Business Tax Act 2016*;

'life insurance' means the issuing of life policies;

'general insurance' means all insurance other than life insurance; and

'life policy' means a contract of insurance issued to a resident or non-resident individual in the Republic that provides for the payment of money on the death of a person or on the happening of a contingency dependent on the termination or continuance of human life.

(2) A term used in these Regulations has the same meaning as in the Act unless the context requires otherwise.

4 Reserve for unexpired risks of general insurance companies

(1) Subject to subregulations (2) and (3), a company conducting a general insurance business is allowed a deduction for a tax year for the balance of its reserve for unexpired risks as at the end of the year provided the amount of the reserve has been calculated in accordance with International Financial Reporting Standards.

(2) Subregulation (1) applies to a non-resident company only when the company is conducting an insurance business in the Republic through a permanent establishment.

(3) The deduction allowed under subregulation (1) is limited to the balance of the company's reserve that relates to unexpired risks in the Republic.

(4) The gross revenue of an insurance company conducting the business of general insurance for a tax year includes the amount of the company's reserve for unexpired risks deducted in the previous tax year under subregulation (1).

5 Taxable income from life insurance business

(1) The taxable income of an insurance company from the conduct of the business of life insurance for a tax year is calculated according to the following formula:

$$(A + B + C + D) - (E + F + G + H)$$

where:

A is the life insurance premiums derived by the company during year from the issuing of life policies, but not including premiums returned to policy holders during the year;

B is investment income derived by the company during the year from the investment of premiums referred to in **'A'**;

C is the amount of any previously deducted reserves for life policies cancelled during the year;

D is any other income derived by the company during the year relating to life insurance business conducted in the Republic;

E is underwriting expenses incurred by the company during the year in relation to the issuing of life policies, including commissions paid, reinsurance premiums, risk analysis costs, Government charges on the policy, and operating expenses;

F is the additions to life policy reserves, including the initial reserve on new life policies issued during the year;

G is the amount of claim payments made under life policies in excess of the sum of reserved amounts and income earned on the reserved amounts in relation to life policies paid out during the year; and

H is any other deductible expenditure incurred by the company during the year in relation to life insurance business conducted in the Republic.

(2) Where a company conducts the business of life insurance and some other business including the business of general insurance, the taxable income of the company from the conduct of the life insurance business is calculated separately from the taxable income from the other business of the company.

6 Record keeping

(1) A person who has a net loss for a tax year shall keep such accounts, documents and records as are necessary to evidence the amount of the net loss.

(2) A resident person who has offshore operations shall keep accounts, documents and records relating to those offshore operations.

(3) For the avoidance of doubt, a reference in the Act and this Regulation to accounts, documents, and records required to be kept by a person includes all source and underlying documents relating to transactions entered into by the person, including invoices, purchase orders, delivery dockets, receipts, contracts and Customs documentation.

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