



# AFM Training Day – ABI Tax Policy Update

Wednesday 5<sup>th</sup> July 2024



# Who are the ABI?

The ABI is the voice of the UK's world-leading insurance and long-term savings industry. We represent more than **300 firms within our membership**, including most household names and specialist providers.

We are a purpose-led organisation: ***Together, driving change to protect and build a thriving society.*** On behalf of our members, we work closely with the UK's governments, HM Treasury, regulators, consumer organisations and NGOs, to help ensure that our industry is **trusted by customers, is invested in people and planet, and can drive growth and innovation through an effective market.**

## ABI Tax Team



Daniel Gallon, Associate Director, Head of Tax



David Jordorson, Manager, Taxation



Sheldon Brown, Policy Advisor, Taxation

# ABI Tax Policy Update

The ABI Taxation team develops and promotes ABI policy and technical proposals on taxation as they affect the UK insurance industry, both in the UK and overseas.

Because tax impacts on many aspects of the ABI's work, the Taxation team works across the organisation. We also work through Insurance Europe, GFIA and other international bodies in developing and promoting taxation proposals as they affect the insurance industry.

	Policy development	Implementation period	Tax Authority enforcement activity
<b>Red</b>		Lifetime Allowance abolition (pensions)	
<b>Amber</b>	UN Model Tax Treaty Insurance Article CRS extension to UK reporting consultation Review of Tax Administration consultation FS VAT review I-E CGT reform UK ISA consultation Raising Standards of Tax Advice consultation UK Captive Insurance Scheme	OECD Pillar Two	
<b>Green</b>	Extension of full expensing to leasing Reserved Investor Fund Tax Simplification		

# Topical Tax Issues

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- **Lifetime Allowance abolition (pensions)**
  - LTA abolition go-live from 6 April. Guidance late, incorrect legislation not corrected yet, operational challenges, regulatory implications.
- **CRS extension to UK reporting consultation**
  - Consultation closed 29 May. Proposal would extend CRS reporting from only overseas policyholders to all UK policyholders as well with an order of magnitude (or more) increase in reporting required.
- **Review of Tax Administration consultation**
  - A broad ranging consultation covering all taxes and all reporting requirements including format, timings, enquiries and penalties. Opportunity to raise ABI priorities including penalties for errors on pension/policyholder reporting.
- **Tax Simplification**
  - Following the disbandment of the Office of Tax Simplification in 2023, The Chancellor announced that Tax Simplification would be at the heart of everything HMRC does. Early stages of the Tax Administration call for evidence suggest direction of travel is broadly positive, although far away from implementation.
- **I-E CGT reform**
  - ABI Life Tax Issues Working Group are considering potential simplifications that could be made to the I-E regime to ease the compliance burden and align the tax and financial reporting results more closely, however there is not agreement to take anything forward. A compelling case would be needed for HMRC to consider any change
- **Reserved Investor Fund**
  - Proposed new unauthorised fund type to be introduced. Similar to Co-ACS structure but unauthorised. Possible interest from property sector (e.g. competitor to JPUTs etc).