

IF YOU EMPLOY  
ACCOUNTANTS TO DEAL WITH  
YOUR LLOYD'S TAX RETURN,  
PLEASE PASS A COPY OF THIS  
BRIEFING TO THEM



ALMBriefing

■ February 2011

## Tax Relief on ALM Expenses 2010

In 1983 HM Inspector of Taxes, Leeds (Underwriters Unit), since renamed as West Yorkshire Personal Tax Unit and then as Shipley High Net Worth Unit, agreed in principle that ALM subscriptions (VAT inclusive) and the cost of attending ALM meetings were allowable expenses for tax relief. The membership subscription, which includes all publications, qualifies for full tax relief. Tax relief is available for the year in which the subscription was actually paid. After the cessation of trade, subscriptions may continue to be offset against any post-cessation income - such as litigation recoveries.

The published cost of ALM conferences and meetings is only allowable to the extent that the charge for food and drink is excluded. The relief available for each meeting is shown overleaf.

As the place of business for a Lloyd's underwriter is London, the cost of travel to London meetings is not allowable. Travelling expenses incurred in attending regional meetings will however be allowed, provided that these are restricted to the cost of travel from London to the venue if this is less than the cost of travel from home. If the journey is made by private motor vehicle a calculation based on mileage at a rate per mile of 40p (for 2010) will be accepted by the Revenue though this does not preclude a member from making a claim on some other basis.

Where overnight accommodation proves necessary, as in the case of all day conferences and extended meetings, the costs involved are an allowable expense. Each claim will be considered on its merits. HM Revenue & Customs reserves the right to examine any claim in detail and, if necessary, ask for supporting evidence. The criterion to be satisfied is that, to be allowable, expenditure should be incurred wholly and exclusively for a business purpose and, in consequence, where a dual purpose exists, the claim must fail.

**Self Assessment** Under the provisions of the 1994 Finance Act the syndicate profits and losses to be self assessed for

2010/11 will be those of the 2007 Underwriting Account, including the 2009 calendar year movement for earlier unclosed Accounts, which were notified to Names in the spring of 2010. In addition, the income from ancillary funds at Lloyd's (excluding that from the Special Reserve Fund) and other non-syndicate income received, and expenses paid, in the 2010 calendar year form part of the underwriting profit or loss for 2010/11.

**Capital Gains** Members are also reminded of the need to report capital gains if syndicate capacity is disposed of. Since 1995 Names have been able to sell their syndicate capacity at auction and any gains arising may be liable to capital gains tax. Now that capacity has a value, all transfers are potentially chargeable. Unless the capacity disposed of had been acquired since 1995, there will be no allowable cost which can be deducted from sale proceeds or valuation to arrive at the gain, although incidental expenses of disposal are allowable.

Also remember that syndicate capacity is treated as a business asset so that gains may be rolled over into the acquisition of further business assets.

Any Lloyd's connected gains, whether from capacity sales or disposal of FAL, are to be included in the non-Lloyd's section of the return on the normal fiscal year basis.

Overleaf is a list of expenses incurred through ALM membership during calendar year 2010. These agreed expenses are allowable in arriving at the self assessment of the underwriting profit or loss of 2010/11 and should be entered in box 35 of the Lloyd's supplementary pages to the 2010/11 return. **Members are reminded that receipts should be retained in accordance with the self assessment provisions.** Details of allowable expenses for previous years, if required, may be obtained from the ALM office, or visit our website [www.alm.ltd.uk](http://www.alm.ltd.uk) and click on 'other publications'.

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# ALM Expenses 2010

## Full Relief

	Cost and Relief £	
<b>ALM Subscription</b>	Cat A	Cat B
- UK/EU by cheque	455.00	130.00
- UK/EU by direct debit	440.00	115.00
- Outside EU (US\$775/225)	470.00	135.00
- FM Family Member	UK/EU 40.00	
	Outside EU (US\$90) 55.00	

*Note: Tax relief is available for the calendar year in which the subscription was actually paid. The ALM takes direct debits on the first working day of each year. After the cessation of trade, tax relief is available against any post-cessation income - such as litigation recoveries or any Equitas Return Premium.*

## Relief as indicated

	Date	Cost £	Relief* £
<b>Names' Conferences:</b>			
'Tacking into the Wind', QEII Conference Centre	15th June	180.00	119.00
'A Storm Brewing Up?', Old Library, Lloyd's	2nd Sept	125.00	49.00

## ALM Informal lunches:

Cavalry and Guards Club	11th Mar	63.45	4.00
Cavalry and Guards Club	9th Nov	69.00	11.57

\*Amount qualifying for relief after charge for food and drink deducted.

## Note

*In addition, the following qualify for full tax relief: accountancy fees actually paid during 2010 for Lloyd's work; Personal Stop Loss Insurance; Quota Share Reinsurance and Estate Protection Plan premiums; charges for Bank Guarantees for Funds at Lloyd's; interest on loans to finance underwriting losses or Funds at Lloyd's; allowable syndicate portfolio analysis services; and other expenses incurred wholly and exclusively for the purpose of the member's Lloyd's underwriting business.*