

FROM: Manager, Tax Operations EXTN: 2433
DATE: 28 February 2005 REF: Y3504
SUBJECT: **Apportionment of US Investment Income to Underwriting Years of Account**

SUBJECT AREA(S):

ATTACHMENTS:

ACTION POINTS: **Provide details for allocation of US Investment Income to Underwriting Years of Account**

DEADLINE(S): **31 March 2005**

1 Background

- 1.1 In order that Lloyd's may prepare for and file the Lloyd's consolidated US tax return, Lloyd's syndicates must provide details to enable the US investment income to be allocated to the relevant underwriting year. These are called Riesco percentages.

2 Apportionment of US Dollar Investment Income – Riesco Percentages

- 2.1 A return is required to allocate the investment income of the syndicate for the calendar year 2004 to the respective underwriting years of account open during the year.
- 2.2 The Riesco forms are available electronically on the Lloyd's L-net. The forms can be accessed utilising L-net InfoBase, selecting 'Market Returns' and then selecting, 'Taxation Operations'.

3 Basis of the Return

- 3.1 Details are required for the allocation of US Dollar investment income and capital gains for calendar year 2004 to the underwriting accounts open during the year. One of three bases may be used: -
- a) Wherever possible, a single return should be made based on the combined income from the Lloyd's American Trust Fund (LATF-1993 & post accounts only), the Lloyd's Dollar Trust Funds (LDTF) and the Surplus Lines and Credit for Reinsurance Static Funds – the Consolidated Return.
 - b) Separate returns may be made for LATF and LDTF including Static Funds income.
 - c) As for b) above but with the Static Funds income excluded from the LDTF returns and specific returns made for these Static funds.

- 3.2 The fund or funds to which the return relates should be indicated by selecting the appropriate fund from the dropdown box on the return.
- 3.3 Income from the Joint Assets Trust Funds and Illinois and Kentucky Trust Funds should be ignored in completing the returns.

4 Allocation of Income to Years of Account

- 4.1 Riesco percentages - The percentages of the US Dollar investment income for calendar year 2004, attributable to each year of account open during 2004, should be entered, including any run-off year(s). The sum of all the percentages must equal 100%.
- 4.2 If income from a group account in the LATF is to be allocated to more than one syndicate, the percentage split between syndicates must be provided separately. The total allocated over all syndicates on the account should equal 100% and a Riesco return must be submitted for each syndicate concerned.
- 4.3 The form on the extranet must be submitted to the MSU by no later than 31 March 2005.
- 4.4 This bulletin has been sent to all Managing Agents.
- 4.5 Any queries relating to the electronic form software should be addressed in the first instance to Ian Chidgey on extension 2393, business and general queries should be directed to me on extension 2433 or to Ian Chidgey.

Christine Allcott
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Members' Services Unit