
STATUTORY INSTRUMENTS

2005 No. 2014

The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005

Modifications of section 441 of the Taxes Act

18.—(1) Paragraph (2) prescribes a modification of subsection (4) of section 441 of the Taxes Act⁽¹⁾ so far as it applies to the life or endowment business carried on by non annual return societies; and paragraph (3) prescribes a modification of that section so far as it applies to the life or endowment business carried on by friendly societies.

(2) Before paragraph (b) insert the following paragraph—

“(ab) the opening liabilities and the closing liabilities of the society shall be ascertained in accordance with paragraph (b) of the definition of “liabilities” in subsection (2) of section 431, and the definition of “closing liabilities” in that subsection shall not apply, and”.

(3) After subsection (4) insert the following subsections—

“(4A) Profits (or any loss, to be computed on the same basis as the profits) arising to the society from its overseas life assurance business shall be divided into a taxable part and a tax exempt part.

(4B) The division shall be made in the ratio which the mean of the opening and closing liabilities to policy holders in respect of taxable business bears to the mean of the opening and closing liabilities to policy holders in respect of tax exempt business.

(4C) The profits referable to the taxable part or, as the case may be, any loss referable to the taxable part, shall be treated as income within Schedule D, and be chargeable or, as the case may be, allowable, under Case VI of that Schedule.

(4D) In subsection (4B) above and in this subsection “tax exempt business” means overseas life assurance business the profits arising from which are exempt from tax by virtue of section 460(1); and “taxable business” means overseas life assurance business other than tax exempt business.”

(1) Section 441 was amended by paragraph 7 of Schedule 31 to the Finance Act 1996 (c. 8).