
STATUTORY INSTRUMENTS

1993 No. 3112

**The Friendly Societies (Provisional Repayments
for Exempt Business) Regulations 1993**

Modifications of paragraph 1 of Schedule 19AB in relation to non-directive societies

5.—(1) Paragraphs (2) to (8) specify modifications of paragraph 1 of Schedule 19AB in relation to exempt business of a non-directive society.

(2) In sub-paragraph (1)—

- (a) for the words “An insurance company carrying on pension business” there shall be substituted the words “A friendly society carrying on both tax exempt business and business other than tax exempt business”;
- (b) for the words “the appropriate portion” (wherever occurring) there shall be substituted the words “the relevant fraction”;
- (c) for the words “the company” (wherever occurring) there shall be substituted the words “the society”;
- (d) the words “and referable to its pension business” (wherever occurring) shall be omitted.

(3) In sub-paragraph (2)—

- (a) for the words “a company” there shall be substituted the words “a society”;
- (b) for paragraph (1) there shall be substituted—
 - “(a) shall begin whenever—
 - (i) the society begins, at a time when it is carrying on only tax exempt business, to carry on business other than tax exempt business;
 - (ii) the society begins, at a time when it is carrying on only business other than tax exempt business, to carry on tax exempt business;
 - (iii) an accounting period of the society begins at a time when the society is carrying on both tax exempt business and business other than tax exempt business; or
 - (iv) a provisional repayment period of the society ends, at a time when the society is carrying on both tax exempt business and business other than tax exempt business; and”;

(c) in paragraph (b) for the words “the company” there shall be substituted the words “the society”.

(4) For sub-paragraph (3) there shall be substituted—

“(3) For the purpose of determining the amounts to which a society is entitled by way of provisional repayments in the case of any accounting period, “the relevant fraction” in sub-paragraph (1) above means, subject to paragraph (b) of sub-paragraph (4) below, the fraction of which the denominator is the total investment income of the society and the

numerator is the investment income of the society which is exempt from income tax and corporation tax under section 460(1), 461(1) or 461B(1) determined—

- (a) for the latest preceding accounting period of the society at the end of which the society was required to make a valuation of the liabilities attributable to the whole of its insurance business and for which an inspector is satisfied that the society has supplied him with such information as would enable that fraction for that accounting period to be estimated with reasonable accuracy, and
- (b) by reference to that information,

and any reference to “the provisional fraction” is a reference to the fraction so determined.”.

(5) In sub-paragraph (4)—

- (a) in paragraph (a), there shall be inserted after the words “Management Act” the words “, unless the accounting period in question was one for which no notice as mentioned in subsection (1) of the said section 11 was served on the society”;
- (b) in paragraph (b), for the word “provisional” there shall be substituted the word “relevant”.

(6) Sub-paragraphs (5), (8) and (9) shall be omitted.

(7) In sub-paragraph (7)—

- (a) for the words “pension business” (wherever occurring) there shall be substituted the words “tax exempt business”;
- (b) for the word “company” (wherever occurring) there shall be substituted the word “society”.

(8) For sub-paragraph (10) there shall be substituted—

“(10) In this paragraph—

“tax exempt business” means any business of a friendly society the profits arising from which are exempt from income tax and corporation tax under section 460(1), 461(1) or 461B(1);

“tax exempt business repayments” means

- (a) provisional repayments; and
- (b) repayments of income tax, and payments of tax credits, on any claim such as is mentioned in section 7(6) or in section 42(5A) of the Management Act.”.