
STATUTORY INSTRUMENTS

1997 No. 471

INCOME TAX

The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1997

Made - - - - 25th February 1997
Laid before the House of
Commons - - - - 26th February 1997
Coming into force - - 19th March 1997

The Treasury, in exercise of the powers conferred on them by section 463(1) and (4) of the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

Citation, commencement and effect

1. These Regulations may be cited as the Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1997 and shall come into force on 19th March 1997, but except as otherwise provided shall have effect for accounting periods beginning on and after 1st January 1990.

Interpretation

2. In these Regulations unless the context otherwise requires “the principal Regulations” means the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1992(2) and “regulation” means a regulation of the principal Regulations.

Amendments to the principal Regulations

3. In regulation 2(3) after the definitions of “directive societies” and “non-directive societies” there shall be inserted the following definition—

““incorporated friendly societies” shall be construed in accordance with the definition of “incorporated friendly society” given by section 116 of the Friendly Societies Act 1992(4);”.

(1) 1988 c. 1; section 463 was amended by section 50 of the Finance Act 1990 (c. 29), paragraph 10 of Schedule 9 to the Finance (No. 2) Act 1992 (c. 48), and, in relation to accounting periods ending on or after 1 September 1996, by section 171(5) of the Finance Act 1996 (c. 8).
(2) S.I. 1992/1655, amended by S.I. 1993/3111, 1995/1916.
(3) Regulation 2 was amended by S.I. 1993/3111 regulation 3, and 1995/1916 regulation 3.
(4) 1992 c. 40.

4. In regulation 4(1)(5) there shall be added at the end “which are not incorporated friendly societies for accounting periods beginning on and after 1st January 1990 and ending before 28th April 1993”.

5. After regulation 4 there shall be inserted the following regulation—

“4A.—(1) Paragraph (2) prescribes a modification of subsection (7) of section 76 of the Taxes Act(6) so far as it applies to the life or endowment business carried on by incorporated friendly societies for accounting periods beginning on and after 1st February 1993 and by friendly societies which are not incorporated friendly societies for accounting periods ending on and after 28th April 1993.”

(2) For paragraph (a) there shall be substituted—

“(a) a levy imposed by virtue of arrangements approved by the Friendly Societies Commission under section 141 of the 1986 Act, or.”

6.—(1) In regulation 5(3)(7), for paragraph (a) of the definition of “liabilities” there shall be substituted—

“(a) in the case of a directive society or an incorporated friendly society means the liabilities of the society estimated as for the purposes of its valuation report (excluding any that have fallen due or been reinsured and any not arising under or in connection with policies or contracts effected as part of the society’s insurance business); and.”

(2) This regulation shall have effect for accounting periods beginning on or after 1st January 1994.

7. In regulation 18(8) after paragraph (1) there shall be inserted the following paragraph—

“(1A) This regulation has effect for accounting periods beginning before 1st January 1994.”

8. After regulation 18 there shall be inserted the following regulation—

“18AA.—(1) Paragraph (2) prescribes a modification of subsection (2) of section 83 of the Finance Act 1989 so far as it applies to the life or endowment business carried on by directive societies or incorporated friendly societies for accounting periods beginning on or after 1st January 1994.

(2) For that subsection there shall be substituted—

“(2) In subsection (1) above “brought into account” means brought into account in the society’s periodical return; and for the purposes of this subsection “periodical return” means—

(a) the abstract of the actuary’s report referred to in section 46(3) of the Friendly Societies Act 1992, and

(b) all forms completed in accordance with the Friendly Societies (Insurance Business) Regulations 1994(9).”

(5) Regulation 4 was amended by S.I. 1993/3111 regulation 5.

(6) Section 76(7) was amended by section 47(1) of the Finance Act 1991 (c. 31).

(7) Regulation 5(3) was amended by S.I. 1993/3111 regulation 6(3).

(8) Regulation 18 was amended by S.I. 1993/3111 regulation 18 and S.I. 1995/1916 regulation 7.

(9) S.I. 1994/1981.

25th February 1997

Patrick McLoughlin
Roger Knapman
Two of the Lords Commissioners of Her
Majesty's Treasury

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1992 (S.I.1992/1655) (“the principal Regulations”).

Regulation 1 provides for citation, commencement and effect, and regulation 2 for interpretation.

Regulation 3 inserts a further definition in regulation 2 of the principal Regulations.

Regulations 4 and 5 provide for the modification of section 76(7) of the Income and Corporation Taxes Act 1988 (“the Taxes Act”). Regulation 4 of the principal Regulations modifies section 76(7) of the Taxes Act by substituting wording which refers to section 141 of the Financial Services Act 1986 (c. 60). Section 141(2) of the 1986 Act was subsequently amended by paragraph 3 of Schedule 18 to the Friendly Societies Act 1992 (c. 40). Regulation 4 of these Regulations accordingly provides for regulation 4 of the principal Regulations to have effect in relation to accounting periods ending before 28th April 1993 (the date when the amendment made by the 1992 Act was brought fully into force); and regulation 5 inserts a new regulation (regulation 4A) in the principal Regulations which makes provision corresponding to that made by regulation 4, but has effect for later accounting periods.

Regulation 6 amends regulation 5(3) of the principal Regulations for accounting periods beginning on or after 1st January 1994 to remove references to the Friendly Societies Act 1974 (c. 46) and the Friendly Societies Act (Northern Ireland) 1970 (c. 31 (N.I.)) which have become spent.

Regulations 7 and 8 provide for the modification of section 83 of the Finance Act 1989 (c. 26). Regulation 18 of the principal Regulations modifies section 83(2) of the 1989 Act by substituting wording which refers to the Friendly Societies Act 1974 and the Friendly Societies Act (Northern Ireland) 1970; and those references are now spent. Regulation 7 accordingly provides for regulation 18 of the principal Regulations to have effect in relation to accounting periods beginning before 1st January 1994; and regulation 8 inserts a new regulation (regulation 18AA) in the principal Regulations to modify section 83(2) having regard to subsequent enactments.

Authority for the retrospective effect of these Regulations is given by section 463(4) of the Income and Corporation Taxes Act 1988.