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STATUTORY INSTRUMENTS

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**1997 No. 473**

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

**Modifications of section 434D of the Taxes Act**

17.—(1) Paragraphs (2) and (3) prescribe modifications of section 434D of the Taxes Act<sup>(1)</sup> so far as it applies to the life or endowment business carried on by friendly societies.

(2) In subsection (6)—

- (a) before the words “basic life assurance” there shall be inserted the word “taxable”;
- (b) in paragraph (a), after the words “management assets” there shall be inserted the words “and which are referable to taxable basic life assurance and general annuity business”.

(3) After subsection (6) there shall be inserted the following subsection—

“(6A) Where a friendly society carries on tax exempt basic life assurance and general annuity business—

- (a) the amount of any allowance falling to be given under Part II of the 1990 Act in respect of expenditure on management assets and which, by virtue of subsection (4) above, is referable to tax exempt basic life assurance and general annuity business shall not be treated as additional expenses of management within section 76; and
- (b) the amount of any charge falling to be made under that Part and which is so referable shall not be chargeable to tax under Case VI of Schedule D.”

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<sup>(1)</sup> Section 434D was inserted by paragraphs 23(1) and 57(1) of Schedule 8 to the Finance Act 1995 with effect in relation to accounting periods beginning on or after 1st January 1995 and amended (prospectively) by Part V(24) of Schedule 41 to the Finance Act 1996.