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STATUTORY INSTRUMENTS

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**1998 No. 1871**

**The Individual Savings Account  
(Insurance Companies) Regulations 1998**

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

**25.**—(1) The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997(1) shall be amended as follows.

(2) In regulation 2 after the definition of “incorporated friendly society” there shall be inserted the following definition—

““individual savings account business” has the meaning given by regulation 3 of the Individual Savings Account (Insurance Companies) Regulations 1998;”.

(3) After regulation 19 there shall be inserted—

“**19A.**—(1) Paragraph (2) prescribes a modification of section 436 of the Taxes Act so far as it applies to the life or endowment business carried on by non-directive societies other than societies—

(a) which carry on any individual savings account business which is linked business, and

(b) to which section 432E of the Taxes Act does not apply.

(2) After subsection (3)(e) there shall be inserted the following paragraph—

“and

(f) 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.””

(4) After regulation 20 there shall be inserted—

“**20A.**—(1) Paragraph (2) prescribes a modification of section 436 of the Taxes Act so far as it applies to the life or endowment business carried on by non-directive societies—

(a) which carry on any individual savings account business which is linked business, and

(b) to which section 432E of the Taxes Act does not apply.

(2) After subsection (5) the following subsections shall be inserted—

“(6) Subsection (7) below applies where the amount shown in respect of Item 3 of Part I of Schedule 7 to the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (“the Item 3 amount”) is a positive amount; and subsection (8) below applies where the Item 3 amount is a negative amount.

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*Status: This is the original version (as it was originally made).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

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(7) The amount of the increase in liabilities to policy holders (that is to say, the excess of the society's closing liabilities to policy holders over its opening liabilities to policy holders) that is taken into account for the purpose of computing the profits arising to the society from individual savings account business shall be the Item 3 amount.

(8) The amount of the decrease in liabilities to policy holders (that is to say, the excess of the society's opening liabilities to policy holders over its closing liabilities to policy holders) that is taken into account for the purpose of computing the profits arising to the society from individual savings account business shall be the Item 3 amount.””

(5) After regulation 30 there shall be inserted—

**“Modification of section 460(2) of the Taxes Act**

**31.**—(1) Paragraph (2) prescribes a modification of section 460(2) of the Taxes Act.

(2) After paragraph (b) there shall be inserted the following paragraph—

“(ba) shall not apply to profits arising from individual savings account business;”.’”