
STATUTORY INSTRUMENTS

2001 No. 3975

The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 2001

Amendment of the principal Regulations

4.—(1) Amend regulation 13 (modifications of section 432A of the Taxes Act⁽¹⁾) as follows.

(2) In paragraph (5), for the subsections (12) and (13) added by that paragraph substitute—

“(12) For the purposes of subsection (11) above “the relevant fraction”, subject to subsection (13) below, is—

$$\frac{(0.5 \times (\text{OLB} + \text{CLB})) - (0.5 \times (\text{OLA} + \text{CLA}))}{(0.5 \times (\text{OTB} + \text{CTB})) - (0.5 \times (\text{OTA} + \text{CTA}))}$$

Here—

OLB and **CLB** are respectively the balances brought forward and carried forward in the fund accounts for those accounts within which the society conducts its long-term business;

OLA and **CLA** are respectively the opening and closing values of the assets already recognised at the beginning and end of the period of account as held for the purposes of long-term business carried on by the society;

OTB and **CTB** are respectively the total balances brought forward and carried forward on all the society's fund accounts; and

OTA and **CTA** are respectively the opening and closing values of the assets already recognised at the beginning and end of the period of account as held for the purposes of long-term business or for the purposes of other specific business carried on by the society.

(13) A balance on a general management fund or a general reserve fund shall be excluded from all the values and balances involved in the calculation of the relevant fraction for the purposes of subsection (11) above.”.

(1) Section 432A was inserted by section 41 of the Finance Act 1990 and amended by section 51 of the Finance Act 1995 (c. 4), section 167(2) of the Finance Act 1996 and section 109 of the Finance Act 2000 (c. 17).