

2002 No. 1409

FINANCIAL SERVICES AND MARKETS

**The Financial Services and Markets Act 2000
(Consequential Amendments) (Taxes) Order 2002**

Made - - - - - 23rd May 2002

Laid before Parliament 24th May 2002

Coming into force - - 2nd July 2002

The Treasury, in exercise of the powers conferred upon them by section 426 of the Financial Services and Markets Act 2000(a), hereby make the following Order:

Citation and commencement

1. This Order may be cited as the Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2002 and shall come into force on 2nd July 2002.

Amendment of the Income and Corporation Taxes Act 1988

2.—(1) Amend the Income and Corporation Taxes Act(b) in accordance with paragraphs (2) and (3).

(2) In section 840A(1)(b) (meaning of “bank”)(c) for sub-paragraph (ii) substitute—
“(ii) a society registered within the meaning of the Friendly Societies Act 1974(d) or incorporated under the Friendly Societies Act 1992(e).”

(3) In paragraph 1(5)(a) and (b) of Schedule 19AB (pension business: payments on account of tax credits and deducted tax)(f) for “long term” substitute “long-term”.

Amendment of the Finance Act 1989

3. In section 83A(2) of the Finance Act 1989 (meaning of “brought into account”)(g)—
(a) after “In paragraph (a)” insert “above”;
(b) at the end add “Paragraph (b) above does not include accounts required in respect of internal linked funds.”

(a) 2000 c. 8.

(b) 1988 c. 1.

(c) Section 840A was inserted by paragraph 1(1) of Schedule 37 to the Finance Act 1996 (c. 8) and subsection (1)(b) of that section was substituted by article 46(2) of the Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629) (“the 2001 Order”).

(d) 1974 c. 46.

(e) 1992 c. 40.

(f) Schedule 19AB was inserted by Schedule 8 to the Finance Act 1991 (c. 31) and is repealed by Part 2(12) of Schedule 33 to the Finance Act 2001 (c. 9) with effect in accordance with section 87 of that Act.

(g) 1989 c. 26. Section 83A was substituted, together with section 83, for section 83 by paragraph 16(1) of Schedule 8 to the Finance Act 1995 (c. 4) and subsection (2) of section 83A was amended by paragraph 6(2) of Schedule 31 to the Finance Act 1996 and article 57 of the 2001 Order.

Amendment of the Insurance Companies (Taxation of Reinsurance Business) Regulations 1995

4.—(1) Amend regulation 10 of the Insurance Companies (Taxation of Reinsurance Business) Regulations 1995 (exclusion of policy and contract from section 442A)(a) in accordance with paragraphs (2) and (3).

(2) Make the present provision paragraph (1) and for sub-paragraph (a) of that paragraph substitute—

“(a) any policy which evidences a contract of long-term insurance which is neither—
(i) a qualifying contract of insurance, nor
(ii) a reinsurance contract; and”.

(3) After paragraph (1) add—

“(2) In paragraph (1)(a) above, “contract of long-term insurance” means any contract which falls within Part 2 of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001(b) and “qualifying contract of insurance” has the meaning given by article 3(1) of that Order.”.

Amendment of the Insurance Companies (Reserves) (Tax) Regulations 1996

5. In regulations 7(3) and 8(2) of the Insurance Companies (Reserves) (Tax) Regulations 1996 (EC companies and certain business carried on outside the United Kingdom)(c) for “regulations” substitute “rules”.

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

6. In regulation 53A of the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (modification of paragraph 18 of Schedule 12 to the Finance Act 1997)(d) renumber the second paragraph (3) as paragraph (4).

Amendment of the Individual Savings Account Regulations 1998

7. In regulation 7(4)(a) of the Individual Savings Account Regulations 1998 (qualifying investments for a stocks and shares component)(e) for “;” at the end of paragraph (iv) substitute “, or”.

Nick Ainger
Anne McGuire

23rd May 2002

Two of the Lords Commissioners of Her Majesty’s Treasury

(a) S.I. 1995/1730.

(b) S.I. 2001/544.

(c) S.I. 1996/2991. Regulations 7(3) and 8(2) were amended by article 151(1)(e) and (f) of the 2001 Order.

(d) S.I. 1997/473. Regulation 53A was inserted by regulation 5 of S.I. 1997/2877 and amended by article 164 of the 2001 Order.

(e) S.I. 1998/1870. Regulation 7(4)(a) was amended by article 172(3) of the 2001 Order.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order makes amendments to tax legislation in consequence of the provisions of the Financial Services and Markets Act 2000 (c. 8) (“the FSMA”).

The main amendment is to section 840A(1) of the Income and Corporation Taxes Act 1988 (c. 1) which contains a definition of “bank”. This definition was amended by the Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629) so as to include, subject to certain exceptions, persons having permission under Part 4 of the FSMA to accept deposits.

The amendment made by this Order has the effect of adding to the exceptions in the definition as amended. The addition relates to certain societies registered within the meaning of the Friendly Societies Act 1974 (c. 46). Such societies fell outside the definition as originally enacted but were not excepted from the amended definition because it was not anticipated that any would have permission under Part 4 of the FSMA to accept deposits.

This Order comes into force on 2nd July 2002 which is the date from which the first of the societies to which the amendment relates will have permission under Part 4 of the FSMA to accept deposits.

The opportunity is being taken to make other minor amendments to the Income and Corporation Taxes Act 1988 and to other primary and secondary legislation.

Article 1 provides for citation and commencement.

Article 2 amends the Income and Corporation Taxes Act 1988.

Article 3 amends section 83A(2) of the Finance Act 1989 (c. 26).

Article 4 amends regulation 10 of the Insurance Companies (Taxation of Reinsurance Business) Regulations 1995 (S.I. 1995/1730).

Article 5 amends regulations 7(3) and 8(2) of the Insurance Companies (Reserves) (Tax) Regulations 1996 (S.I. 1996/2991).

Article 6 amends regulation 53A of the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473).

Article 7 amends regulation 7(4)(a) of the Individual Savings Account Regulations 1998 (S.I. 1998/1870).

2002 No. 1409

FINANCIAL SERVICES AND MARKETS

The Financial Services and Markets Act 2000
(Consequential Amendments) (Taxes) Order 2002

£1.75

© Crown copyright 2002

Printed and published in the UK by The Stationery Office Limited
under the authority and superintendence of Carol Tullo, Controller of
Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.
E0950 6/2002 120950 19585

ISBN 0-11-042359-3



9 780110 423593