

SCHEDULES

SCHEDULE 10

Section 54.

FRIENDLY SOCIETIES

Tax exempt life or endowment business

- 1 (1) Section 460 of the Taxes Act 1988 (exemption from tax in respect of life or endowment business) shall be amended as follows.
- (2) In paragraph (c) of subsection (2), before sub-paragraph (ai) there shall be inserted the following sub-paragraph—
- “(zai) where the profits relate to contracts made on or after the day on which the Finance Act 1995 was passed, of the assurance of gross sums under contracts under which the total premiums payable in any period of 12 months exceed £270 or of the granting of annuities of annual amounts exceeding £156;”.
- (3) In sub-paragraph (ai) of that paragraph, after “passed” there shall be inserted “but before the day on which the Finance Act 1995 was passed”.
- (4) In subsection (3), for the words “subsection (2)(c)(ai),” in each place where they occur, there shall be substituted “subsection (2)(c)(zai), (ai),”.
- (5) In subsection (4A), for “the Finance Act 1991” there shall be substituted “the Finance Act 1995”.
- (6) In subsection (4B), for the words from “variation made” onwards there shall be substituted “variation made—
- (a) in the period beginning with 25th July 1991 and ending with 31st July 1992, or
- (b) in the period beginning with the day on which the Finance Act 1995 was passed and ending with 31st March 1996,

the contract shall, for the purposes of subsection (2)(c) above, be treated, in relation to any profits relating to it as varied, as made at the time of the variation.”

Maximum benefits payable to members

- 2 (1) Section 464 of that Act (maximum benefits payable to members) shall be amended as follows.
- (2) In subsection (3), before paragraph (za) there shall be inserted the following paragraph—
- “(zza) contracts under which the total premiums payable in any period of 12 months exceed £270; or”.

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- (3) In paragraph (za) of that subsection, after “contracts” there shall be inserted “made before the day on which the Finance Act 1995 was passed and”.
- (4) In subsection (4A), for “the Finance Act 1991” there shall be substituted “the Finance Act 1995”.
- (5) In subsection (4B), for the words from “variation made” onwards there shall be substituted “variation made—
- (a) in the period beginning with 25th July 1991 and ending with 31st July 1992, or
 - (b) in the period beginning with the day on which the Finance Act 1995 was passed and ending with 31st March 1996,

the contract shall, for the purposes of subsection (3) above, be treated, in relation to times when the contract has effect as varied, as made at the time of the variation.”

Qualifying policies

3 In paragraph 3 of Schedule 15 to that Act (friendly society policies that are qualifying policies), sub-paragraph (2)(c) (condition limiting consideration for early surrender) shall cease to have effect.

- 4 (1) This paragraph applies to any policy which—
- (a) was issued by a friendly society, or a branch of a friendly society, in the course of tax exempt life or endowment business (as defined in section 466 of the Taxes Act 1988); and
 - (b) was effected by a contract made after 31st August 1987 and before the day on which this Act is passed.

- (2) Where—
- (a) the amount payable by way of premium under a policy to which this paragraph applies is increased by virtue of a variation made in the period beginning with the day on which this Act is passed and ending with 31st March 1996, and
 - (b) the variation is not such as to cause a person to become in breach of the limits in section 464 of the Taxes Act 1988,

Schedule 15 to that Act, in its application to the policy, shall have effect, in relation to that variation, with the omission of paragraph 4(3)(a) and the insertion at the end of paragraph 18(2) of the words set out in sub-paragraph (3) below.

- (3) Those words are as follows, that is to say, “and as if for paragraph 3(2)(b) above there were substituted—
- “(b) subject to sub-paragraph (4) below, the premiums payable under the policy shall be premiums of equal or rateable amounts payable at yearly or shorter intervals—
 - (i) over the whole of the term of the policy as from the variation, or
 - (ii) where premiums are not payable for any period after the person liable to pay them or whose life is insured has attained a specified age, being an age attained at a time not less than ten years after the beginning of the term of the

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policy, over the whole of the remainder of the period for which premiums are payable.””