
STATUTORY INSTRUMENTS

1989 No. 2417

TAXES

The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1989

Made - - - - 19th December 1989
Laid before the House of
Commons - - - - 20th December 1989
Coming into force - - 1st January 1990

The Treasury, in exercise of the powers conferred on them by section 463 of the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1989 and shall come into force on 1st January 1990.

Interpretation

2. In these Regulations “the Taxes Act 1988” means the Income and Corporation Taxes Act 1988.

Introductory

3. The Corporation Tax Acts as applied, subject to section 460(1) of the Taxes Act 1988, by section 463 of that Act to the life or endowment business carried on by registered friendly societies shall have effect subject to the modifications prescribed by these Regulations.

Modification of section 76(7) of the Taxes Act 1988

4.—(1) This regulation prescribes a modification of section 76(7) of the Taxes Act 1988 so far as applied to the life or endowment business carried on by registered friendly societies.

(2) For the words “a long term business levy imposed by virtue of the Policyholders Protection Act 1975” there shall be substituted “a levy imposed by virtue of arrangements approved by the Chief Registrar of friendly societies or, as the case may be, the Registrar of Friendly Societies for Northern Ireland under section 141 of the Financial Services Act 1986(2)”.

(1) 1988 c. 1
(2) 1986 c. 60

Modifications of sections 82 and 83 of the Finance Act 1989

5.—(1) This regulation prescribes modifications of sections 82 and 83 of the Finance Act 1989⁽³⁾ so far as applied to the life or endowment business carried on by registered friendly societies.

(2) In section 82(1)(b) of that Act for the words “Insurance Companies Act 1982” there shall be substituted the words “Friendly Societies Act 1974⁽⁴⁾ or the Friendly Societies Act (Northern Ireland) 1970⁽⁵⁾”.

(3) In section 83 of that Act subsection (2) shall be omitted.

Kenneth Carlisle

Stephen Dorrell

Two of the Lords Commissioners of Her
Majesty’s Treasury

19th December 1989

(3) 1989 c. 26
(4) 1974 c. 46
(5) 1970 c. 31 (N.I.).

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 463 of the Taxes Act 1988 provides that the Corporation Tax Acts are to apply to the non-tax exempt life or endowment business carried on by registered friendly societies in the same way as they apply to mutual life assurance business carried on by insurance companies but gives the Treasury power to provide by regulations that those Acts as so applied are to have effect subject to modifications and exceptions prescribed in the Regulations.

These Regulations prescribe modifications to section 76(7) of the Taxes Act 1988 so as to provide that levies paid by friendly societies under arrangements approved by the Chief Registrar of friendly societies, or the Registrar of Friendly Societies for Northern Ireland, under the Financial Services Act 1986 are to be treated as expenses of management in the same way as long term business levies imposed on insurance companies by virtue of the Policyholders Protection Act 1975 (c. 75). They also prescribe modifications to sections 82 and 83 of the Finance Act 1989 by substituting a reference to the Friendly Societies Act 1974 or to the Friendly Societies Act (Northern Ireland) 1970 for the reference to the Insurance Companies Act 1982 (c. 50) in section 82(1)(b) and omitting section 83(2).