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STATUTORY INSTRUMENTS

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**1993 No. 3111**

**INCOME TAX**

**The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1993**

*Made* - - - - *9th December 1993*  
*Laid before the House of*  
*Commons* - - - - *9th December 1993*  
*Coming into force* - - *31st December 1993*

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, commencement and effect**

1.—(1) These Regulations may be cited as the Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1993 and shall come into force on 31st December 1993.

(2) These Regulations shall have effect with respect to accounting periods of incorporated friendly societies beginning on or after 19th February 1993.

(3) Subject to paragraph (2) above, these Regulations shall have effect with respect to accounting periods of friendly societies beginning on or after 1st January 1994.

**Interpretation**

2. In these Regulations unless the context otherwise requires—

“incorporated friendly societies” shall be construed in accordance with the definition of “incorporated friendly society” given by section 116 of the Friendly Societies Act 1992(2);

“the principal Regulations” means the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1992(3);

“regulation” means a regulation of the principal Regulations.

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(1) 1988 c. 1; section 463 was amended by section 50 of the Finance Act 1990 (c. 29) and by paragraphs 1 and 10 of Schedule 9 to the Finance (No. 2) Act 1992 (c. 48).  
(2) 1992 c. 40.  
(3) S.I. 1992/1655.

### **Amendments to the principal Regulations**

3. In regulation 2 the following definition shall be inserted before the definition of “the Taxes Act”—

““long term business” shall be construed in accordance with section 117 of the Friendly Societies Act 1992;”

4. In regulation 3, in paragraph (a), the word “registered” shall be omitted.

5. In regulations 4(1), 5(1), 7(1), 12(1) and 15(1), the word “registered” shall be omitted in each place where it occurs.

6.—(1) Regulation 5 shall be amended as follows.

(2) In paragraph (2)—

(a) for the definition of “directive society” there shall be substituted—

““directive society” means a friendly society to which section 37(2) of the Friendly Societies Act 1992 applies;”;

(b) the following definition shall be inserted after the definition of “directive society”—

““incorporated friendly society” has the meaning given by section 116 of the Friendly Societies Act 1992;”;

(c) in the definition of “non-directive society” the word “registered” shall be omitted;

(d) the following definition shall be inserted after the definition of “non-directive society”—

““registered friendly society” has the meaning given by section 116 of the Friendly Societies Act 1992;”;

(e) for the definition “of valuation report” there shall be substituted—

““valuation report”—

(a) in the case of a directive society or an incorporated society means the abstract of the actuary’s report referred to in section 46(3) of the Friendly Societies Act 1992;

(b) in the case of a friendly society which is neither a directive society nor an incorporated society means the abstract of the actuary’s report referred to in section 47(2) of the Friendly Societies Act 1992.”.

(3) In paragraph (3)—

(a) in paragraph (a) of the definition of “liabilities”—

(i) there shall be inserted after the words “directive society” the words “or an incorporated society”;

(ii) in sub-paragraph (ii), for the words “the society” in the first place where they appear there shall be substituted the words “the society, being a registered friendly society;”;

(b) in paragraph (b) of the definition of “liabilities”—

(i) for the words “non-directive society” there shall be substituted the words “friendly society which is neither a directive society nor an incorporated society”;

(ii) for the word “registrar” there shall be substituted the words “Friendly Societies Commission”.

(4) In paragraph (4), for the definition of “long term business” substituted by the principal Regulations there shall be substituted—

““long term business” shall be construed in accordance with section 117 of the Friendly Societies Act 1992;”.

(5) In paragraph (5), for paragraph (b) of the definition of “periodical return” there shall be substituted—

“(b) in the case of a non-directive society, means the annual accounts, the report of the committee of management, and the auditors' report mentioned in section 78(1) of the Friendly Societies Act 1992;”.

(6) In paragraph (6)—

(a) in paragraph (a) of the definition of “value” there shall be inserted after the words “directive society” the words “or an incorporated society”;

(b) in paragraph (b) of the definition of “value”—

(i) for the words “non-directive society” there shall be substituted the words “friendly society which is neither a directive society nor an incorporated society”;

(ii) for the word “registrar” there shall be substituted the words “Friendly Societies Commission”.

7. In regulation 8, for paragraph (1) there shall be substituted—

“(1) Paragraphs (2) to (4) prescribe modifications of section 432A of the Taxes Act<sup>(4)</sup> so far as it applies to the life or endowment business carried on by the non-directive societies specified in paragraph (1A) below, and paragraphs (2) to (5) prescribe modifications of section 432A of the Taxes Act so far as it applies to the life or endowment business carried on by non-directive societies other than those specified in paragraph (1A) below.

(1A) The non-directive societies specified in this paragraph are those to which subsection (3) of section 37 of the Friendly Societies Act 1992 applies, and which, by virtue of subsection (8) of that section, are authorised to carry on long term business.”.

8. In regulation 9, in paragraph (2), for the words

““the Friendly Societies Act 1974<sup>(5)</sup> or the Friendly Societies Act (Northern Ireland) 1970<sup>(6)</sup>””there shall be substituted the words

““the Friendly Societies Act 1992””.

9. For regulation 13 and the heading immediately preceding it there shall be substituted—

“**13.**—(1) Paragraph (2) prescribes a modification of subsection (4) of section 440 of the Taxes Act<sup>(7)</sup> so far as it applies to the life or endowment business carried on by non-directive societies, other than those to which subsection (3) of section 37 of the Friendly Societies Act 1992 applies, and which, by virtue of subsection (8) of that section, are authorised to carry on long term business.

(2) Paragraph (d) shall be omitted.”.

10. For regulation 16 and the heading immediately preceding it there shall be substituted—

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(4) Section 432A was inserted by paragraph 4 of Schedule 6 to the Finance Act 1990, and amended by paragraphs 3 and 18 of Schedule 7 to the Finance Act 1991 (c. 31) with respect to accounting periods beginning on or after 1st January 1992 and by section 91(2) of, and Part III(8) of Schedule 23 to, the Finance Act 1993 (c. 34) in relation to accounting periods beginning on or after 1st January 1993.

(5) 1974 c. 46.

(6) 1970 c. 31 (N.I.).

(7) Section 440 was inserted by paragraph 8 of Schedule 6 to the Finance Act 1990, and subsection (4) was amended by paragraphs 6(1) and 18 of Schedule 7 to the Finance Act 1991 with respect to accounting periods beginning on or after 1st January 1992.

“16.—(1) Paragraph (2) prescribes a modification of subsection (2) of section 440A of the Taxes Act(8) so far as it applies to the life or endowment business carried on by non-directive societies, other than those to which subsection (3) of section 37 of the Friendly Societies Act 1992 applies, and which, by virtue of subsection (8) of that section, are authorised to carry on long term business.

(2) Paragraph (d) shall be omitted.”.

11. In regulation 17, in paragraph (3), in the added subsection (9), for the words “the society” in the first place where they appear there shall be substituted the words “the society, being a registered friendly society,”.

12. In regulation 18, in paragraph (1)—

- (a) for the words “registered friendly societies” in the first place where they appear there shall be substituted the words “friendly societies other than incorporated societies”;
- (b) for the words “registered friendly societies” in the second place where they appear there shall be substituted the words “incorporated friendly societies and by friendly societies”.

*Tim Wood*

*Andrew Mackay*

Two of the Lords Commissioners of Her Majesty’s Treasury

9th December 1993

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(8) Section 440A was inserted by paragraph 8 of Schedule 6 to the Finance Act 1990, and subsection (2) was amended by paragraphs 6(2) and 18 of Schedule 7 to the Finance Act 1991 with respect to accounting periods beginning on or after 1st January 1992.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1992 (S.I. 1992/1655) (“the principal Regulations”). The amendments take account of the changes to the law relating to friendly societies resulting from the enactment and bringing into force of the Friendly Societies Act 1992 (“the 1992 Act”). The 1992 Act provides for a new classification of friendly societies into “incorporated friendly societies” and “registered friendly societies”.

Regulation 1 provides for citation, commencement and effect, and regulation 2 contains definitions. The remaining regulations make amendments to the principal Regulations.

Regulation 3 inserts a new definition into regulation 2 of the principal Regulations.

Regulations 4, 5, 11 and 12 amend the principal Regulations to take account of the new classification of friendly societies.

Regulations 6 and 8 respectively amend regulations 5 and 9(2) of the principal Regulations to take account of provisions in the 1992 Act. Regulation 6 includes amendments to the definitions of “directive society” and “non-directive society”, but the amended definitions will not result in any friendly society being reclassified.

Regulations 7, 9 and 10 respectively amend regulations 8, 13 and 16 of the principal Regulations. The modifications of the Corporation Tax Acts prescribed in the principal Regulations are no longer appropriate in the case of all non-directive societies, and the scope of these regulations has accordingly been reduced.

The Regulations have effect, except in relation to incorporated friendly societies (as defined in the 1992 Act), with respect to accounting periods beginning on or after 1st January 1994. In relation to incorporated friendly societies they have effect with respect to accounting periods beginning on or after 19th February 1993. Authority for the retrospective effect of these Regulations is given by section 463(4) of the Income and Corporation Taxes Act 1988.