
STATUTORY INSTRUMENTS

1997 No. 2877

INCOME TAX

The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment No. 2) Regulations 1997

<i>Made</i>	- - - -	<i>5th December 1997</i>
<i>Laid before the House of Commons</i>	- - - -	<i>5th December 1997</i>
<i>Coming into force</i>	- -	<i>31st December 1997</i>

The Treasury, in exercise of the powers conferred on them by section 463(1) and (4) 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 No. 2) Regulations 1997 and shall come into force on 31st December 1997.

(2) Regulations 3 and 4 shall have effect for accounting periods of friendly societies beginning after 5th March 1997.

Interpretation

2. In these Regulations “the principal Regulations” means the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997(2) and “regulation” means a regulation of the principal Regulations.

Amendments to the principal Regulations

3. Regulation 16 shall be omitted.
4. In regulation 21, paragraph (2) shall be omitted.
5. After regulation 53 there shall be inserted the following regulation—

(1) 1988 c. 1; section 463 was amended by section 50 of the Finance Act 1990 (c. 29), paragraph 10 of Schedule 9 to the Finance (No. 2) Act 1992 (c. 48) and, in relation to accounting periods ending on or after 1st September 1996, by section 171(5) of the Finance Act 1996 (c. 8).

(2) S.I. 1997/473.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

“Modification of paragraph 18 of Schedule 12 to the Finance Act 1997

53A.—(1) Paragraph (2) prescribes a modification of paragraph 18 of Schedule 12 to the Finance Act 1997⁽³⁾.

(2) For the words from “which” to the end there shall be substituted the words “made up for the purposes of an investigation into the financial condition of a friendly society under section 46 or 47 of the Friendly Societies Act 1992⁽⁴⁾”.

(3) This regulation shall have effect in relation to periods for which accounts of friendly societies are made up ending on or after 26th November 1996.”

Graham Allen

Jim Dowd

Two of the Lords Commissioners of Her
Majesty’s Treasury

5th December 1997

⁽³⁾ 1997 c. 16.

⁽⁴⁾ 1992 c. 40. Section 46 was amended by S.I. 1196/1188.

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 463 of the Income and Corporation Taxes Act 1988 (“the Taxes Act”) provides that (subject to an exception) the Corporation Tax Acts shall apply to the life and endowment business carried on by friendly societies in the same way as they apply to mutual life assurance business or other long term business carried on by insurance companies, subject to such modifications and exceptions as may be prescribed by regulations made by the Treasury. The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I.1997/473) (“the principal Regulations”) make provision for such modifications and exceptions. These Regulations amend the principal Regulations with retrospective effect as described below.

Regulation 1 provides for citation, commencement and effect, and regulation 2 for interpretation.

Regulation 3 revokes regulation 16 of the principal Regulations, which modified section 434B(2) of the Taxes Act. Section 434B(2) of the Taxes Act was repealed, in relation to accounting periods of insurance companies beginning after 5th March 1997, by section 67(4) and (7) of, and Part VI(6) of Schedule 18 to, the Finance Act 1997 (c. 16). Regulation 3 has effect in relation to accounting periods of friendly societies beginning after the same date.

Regulation 4 revokes regulation 21(2) of the principal Regulations, which modified section 437(1A) of the Taxes Act. A new subsection (1A) of section 437 was substituted by section 67(1) of the Finance Act 1997 with effect in relation to accounting periods of insurance companies beginning after 5th March 1997, thereby rendering the modification made by regulation 21(2) of the principal Regulations obsolete. Regulation 4 has effect in relation to accounting periods of friendly societies beginning after the same date.

Regulation 5 inserts a new regulation 53A in the principal Regulations, modifying paragraph 18 of Schedule 12 to the Finance Act 1997. That Schedule provides for the tax treatment of arrangements which are treated for accounting purposes as finance leases or loans. Paragraph 18 of that Schedule provides that “accounting purposes” does not include accounts which Part II of the Insurance Companies Act 1982 (the Department of Trade and Industry rules) requires to be prepared. The inserted regulation substitutes for the reference to such accounts a reference to accounts prepared for the purposes of periodic investigations into the financial condition of friendly societies under the Friendly Societies Act 1992 (c. 40). The inserted regulation has effect in relation to periods of account of friendly societies ending on or after 26th November 1996.

Authority for the retrospective effect of these Regulations is given by section 463(4) of the Taxes Act.