
STATUTORY INSTRUMENTS

1997 No. 474

INCOME TAX

The Friendly Societies (Provisional Repayments for Exempt Business) (Amendment) Regulations 1997

<i>Made</i>	- - - -	<i>25th February 1997</i>
<i>Laid before the House of Commons</i>	- - - -	<i>26th February 1997</i>
<i>Coming into force</i>	- -	<i>20th March 1997</i>

The Treasury, in exercise of the powers conferred on them by section 121 of the Finance Act 1993⁽¹⁾, hereby make the following Regulations:

Citation, commencement and effect

1. These Regulations may be cited as the Friendly Societies (Provisional Repayments for Exempt Business) (Amendment) Regulations 1997 and shall come into force on 20th March 1997, but except as otherwise provided shall have effect in relation to accounting periods beginning on or after 1st January 1995.

Interpretation

2. In these Regulations unless the context otherwise requires “the principal Regulations” means the Friendly Societies (Provisional Repayments for Exempt Business) Regulations 1993⁽²⁾ and “regulation” means a regulation of the principal Regulations.

Amendments to the principal Regulations

3. In regulation 2, for the words “the Friendly Societies (Modifications of the Corporation Tax Acts) Regulations 1992”⁽³⁾ there shall be substituted the words “the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997”⁽⁴⁾.

4.—(1) Regulation 4 shall be amended in accordance with paragraphs (2) to (4).

(1) 1993 c. 34.

(2) S.I. 1993/3112. In relation to cases where payments of interest on relevant gilt-edged securities are made without deduction of tax to friendly societies carrying on exempt business, the principal Regulations have effect with the modifications specified in regulations 5 to 9 of S.I. 1996/21, amended by S.I. 1997/475.

(3) S.I. 1992/1655.

(4) S.I. 1997/473.

- (2) In paragraph (4) sub-paragraph (a) shall be omitted.
- (3) In paragraph (6), in the substituted sub-paragraph (5), in paragraphs (a)(i) and (b)(i) the word “solely” shall be omitted.
- (4) In paragraph (6), in the substituted sub-paragraph (5A)—
 - (a) in the definition of “tax exempt basic life assurance and general annuity business” for the words “regulation 5(2) of the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1992” there shall be substituted the words “regulation 6(2) of the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997”;
 - (b) in the definition of “long term business”, for the words “regulation 5(4)” there shall be inserted the words “regulation 6(4)”.
- 5.—(1) In regulation 4(6), in the substituted sub-paragraph (5)—
 - (a) in paragraph (a)(i) after the words “general annuity business” there shall be inserted the words “or tax exempt class IV business”;
 - (b) in paragraph (b)(i), for the words “long term business other than life or endowment business” there shall be substituted the words “tax exempt class IV business”;
 - (c) in paragraph (b)(ii), for the words “long term business other than life assurance business” there shall be substituted the words “tax exempt class IV business”.
- (2) In regulation 4(6), in the substituted sub-paragraph (5A)—
 - (a) after the definition of “tax exempt basic life assurance and general annuity business” there shall be inserted the following definition—
 - “‘tax exempt class IV business’ shall be construed in accordance with the definition inserted in section 431(2) by regulation 7(2) of those Regulations; and”;
 - (b) the definition of “life or endowment business” and the word “and” immediately preceding it shall be omitted.
- (3) This regulation shall have effect in relation to accounting periods ending on or after 1st September 1996.

25th February 1997

Patrick McLoughlin
Roger Knapman
Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

Schedule 19AB to the Income and Corporation Taxes Act 1988 (c. 1) (“Schedule 19AB” and “the Taxes Act” respectively) applies to an insurance company carrying on pension business; and makes provision for payments on account of tax borne by deduction and tax credits in respect of distributions received (“provisional repayments”). Schedule 19AB also makes provision determining how the amounts of provisional repayments are to be calculated.

Section 121 of the Finance Act 1993 empowers the Treasury to provide by regulations for Schedule 19AB to have effect in relation to the tax exempt business of a friendly society as it has effect in relation to the pension business of an insurance company; and the Friendly Societies (Provisional Repayments for Exempt Business) Regulations 1993 (S.I.1993/3112) (“the principal Regulations”) provide for Schedule 19AB to have such effect (subject to certain modifications and exceptions).

These Regulations make a number of detailed amendments to the principal Regulations consequent upon the amendment made to paragraph 1(5)(b)(i) of Schedule 19AB by paragraph 12(1)(b) of Schedule 8 to the Finance Act 1995 (c. 4), the amendment, by section 171(1) of the Finance Act 1996 (c. 8), of the definition of “life or endowment business” in section 466(1) of the Taxes Act and the replacement of the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1992 (S.I. 1992/1655) by the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997 (S.I. 1997/473).

These Regulations have effect, except as otherwise provided, for accounting periods beginning on or after 1st January 1995. Authority for the retrospective effect of these Regulations is given by section 121 of the Finance Act 1993.