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**Changes to legislation:** There are currently no known outstanding effects for the Finance (No. 2) Act 1992,  
Cross Heading: Amendments of enactments relating to chargeable gains. (See end of Document for details)

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## SCHEDULES

### SCHEDULE 9

#### FRIENDLY SOCIETIES

##### *Amendments of enactments relating to chargeable gains*

- 20 (1) Subject to the repeals made by the <sup>M1</sup>Taxation of Chargeable Gains Act 1992, after section 143 of the <sup>M2</sup>Capital Gains Tax Act 1979 there shall be inserted—

*“ Friendly societies*

#### **143A Transfer of assets on incorporation of registered friendly society.**

- (1) This section applies where a registered friendly society is incorporated under the Friendly Societies Act 1992 (“the 1992 Act”).
- (2) In this section—
  - (a) “the registered society” means the society before the incorporation, and
  - (b) “the incorporated society” means the society after the incorporation.
- (3) For the purposes of corporation tax on chargeable gains—
  - (a) any asset of the registered society that by virtue of section 6(2) or (3) of the 1992 Act is transferred to the incorporated society,
  - (b) any asset of a branch of the registered society that by virtue of section 6(4) of the 1992 Act is transferred to the incorporated society, and
  - (c) any asset of a branch of the registered society that is identified in a scheme under section 6(5) of the 1992 Act,shall be taken to be disposed of by the registered society or branch and acquired by the incorporated society on the incorporation for a consideration of such amount as to secure that on the disposal neither a gain nor a loss accrues to the registered society or branch.

#### **143B Subsequent disposal of assets by incorporated society etc.**

- (1) Where any asset acquired on a disposal to which section 143A(3) above applies is subsequently disposed of by the incorporated society, section 34 above shall apply as if any capital allowance made to the registered society in respect of the asset had been made to the incorporated society.
- (2) If the disposal by the incorporated society is in relevant circumstances for the purposes of section 275(1) of the Income and Corporation Taxes Act 1970, the disposal to which section 143A(3) above applies shall for those

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purposes be taken to have been a previous transfer of the asset in relevant circumstances.”

- (2) Subject to the repeals made by the <sup>M3</sup>Taxation of Chargeable Gains Act 1992—
- (a) in section 68 of the <sup>M4</sup>Finance Act 1985 (modification of indexation allowance) in subsection (7A)(a) after “123A,” there shall be inserted “143A,” and
- (b) in Schedule 8 to the <sup>M5</sup>Finance Act 1988 (assets held on 31st March 1982) in paragraph 1(3)(a) after “123A,” there shall be inserted “143A,”.

#### Marginal Citations

|           |             |
|-----------|-------------|
| <b>M1</b> | 1992 c. 12. |
| <b>M2</b> | 1979 c. 14. |
| <b>M3</b> | 1992 c. 12. |
| <b>M4</b> | 1985 c. 54. |
| <b>M5</b> | 1988 c. 39. |

21 The Taxation of Chargeable Gains Act 1992 shall be amended as follows.

<sup>F1</sup>(2) .....

(3) After section 217 there shall be inserted—

“ *Friendly societies*

#### **217A Transfer of assets on incorporation of registered friendly society.**

- (1) This section and section 217B apply where a registered friendly society is incorporated under the Friendly Societies Act 1992 (“the 1992 Act”).
- (2) In this section and section 217B—
- (a) “the registered society” means the society before the incorporation, and
- (b) “the incorporated society” means the society after the incorporation.
- (3) For the purposes of corporation tax on chargeable gains—
- (a) any asset of the registered society that by virtue of section 6(2) or (3) of the 1992 Act is transferred to the incorporated society,
- (b) any asset of a branch of the registered society that by virtue of section 6(4) of the 1992 Act is transferred to the incorporated society, and
- (c) any asset of a branch of the registered society that is identified in a scheme under section 6(5) of the 1992 Act,
- shall be taken to be disposed of by the registered society or branch and acquired by the incorporated society on the incorporation for a consideration of such amount as to secure that on the disposal neither a gain nor a loss accrues to the registered society or branch.

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### **217B Rights of members in registered society equated with rights in incorporated society.**

- (1) In this section, “change of membership” means a change effected by Schedule 4 to the 1992 Act whereby a member of the registered society or of a branch of the registered society becomes a member of the incorporated society or of a branch of the incorporated society.
- (2) For the purposes of this Act, a change of membership shall not be taken to involve any disposal or acquisition of an asset by the member concerned, but all the interests and rights in the incorporated society or a branch of the incorporated society that he has immediately after the change, taken together, shall be treated as a single asset which—
  - (a) was acquired by the first relevant acquisition, and
  - (b) was added to by any subsequent relevant acquisitions.
- (3) In subsection (2) above, “relevant acquisition” means an acquisition by which the member acquired any interest or right in the registered society or a branch of the registered society that he had immediately before the change of membership.

### **217C Subsequent disposal of assets by incorporated society etc.**

- (1) Where any asset acquired on a disposal to which section 217A(3) applies is subsequently disposed of by the incorporated society, section 41 shall apply as if any capital allowance made to the registered society in respect of the asset had been made to the incorporated society.
- (2) If the disposal by the incorporated society is in relevant circumstances for the purposes of section 174(1), the disposal to which section 217A(3) applies shall for those purposes be taken to have been a previous transfer of the asset in relevant circumstances.”

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#### **Textual Amendments**

- F1** Sch. 9 para. 21(2) omitted (21.7.2008) (with effect in accordance with Sch. 2 para. 71 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 2 para. 70(a)(ii)

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