
STATUTORY INSTRUMENTS

1997 No. 472

INCOME TAX

The Friendly Societies (Taxation of Transfers of Business) (Amendment) Regulations 1997

Made - - - - 25th February 1997
Laid before the House of
Commons - - - - 26th February 1997
Coming into force - - 19th March 1997

The Treasury, in exercise of the powers conferred on them by section 463(2) and (4) 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 (Taxation of Transfers of Business) (Amendment) Regulations 1997 and shall come into force on 19th March 1997.

Interpretation

2. In these Regulations “the principal Regulations” means the Friendly Societies (Taxation of Transfers of Business) Regulations 1995(2) and “regulation” means a regulation of the principal Regulations.

Amendments to the principal Regulations

3. In regulation 4, the following paragraph shall be added—

“(3) This regulation shall have effect in relation to transfers, amalgamations and conversions taking place on or after 1st January 1990 but before 1st July 1994.”

4. After regulation 4 there shall be inserted—

“4A.—(1) In the case of—

- (a) the transfer of the whole or part of the business of a friendly society to another friendly society; or
- (b) the amalgamation of two or more friendly societies; or

(1) 1988 c. 1; section 463 was amended by section 50 of the Finance Act 1990 (c. 29).
(2) S.I. 1995/171.

- (c) the transfer of the whole or part of the business of a friendly society to a company which is not a friendly society; or
 - (d) the conversion of a friendly society into a company which is not a friendly society;
- such of the provisions of the Corporation Tax Acts as are specified in paragraph (2) below and apply in relation to that case (being provisions which apply by virtue of section 463(2) of the Taxes Act) shall each have effect as if the words “in accordance with a scheme sanctioned by a court under Part I of Schedule 2C to the Insurance Companies Act 1982(3)” were omitted.
- (2) The provisions of the Corporation Tax Acts specified in this paragraph are—
 - (a) sections 12(7A)(4), 440(2)(5) and 444A(1)(6) of the Taxes Act,
 - (b) section 152A(1) of the Capital Allowances Act 1990(7),
 - (c) sections 211(1), 213(5), 214(11) and 214A(7) of the Taxation of Chargeable Gains Act 1992(8).
 - (3) This regulation shall have effect in relation to transfers, amalgamations and conversions taking place on or after 1st July 1994.”

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

25th February 1997

(3) 1982 c. 50; Schedule 2C was inserted by Schedule 3 to S.I. 1994/1696.

(4) Section 12 (7A) was inserted by paragraph 3 of Schedule 9 to the Finance Act 1990 and amended by section 53 of, and paragraph 1(1) and (2)(a) of Schedule 9 to, the Finance Act 1995 (c. 4) in relation to any transfers sanctioned or authorised after 30th June 1994.

(5) Section 440 was substituted by paragraph 8 of Schedule 6 to the Finance Act 1990 and subsection (2) was amended by section 53 of, and paragraph 1(1) and (2)(b) of Schedule 9 to, the Finance Act 1995 in relation to any transfers sanctioned or authorised after 30th June 1994.

(6) Section 444A was inserted by paragraph 4 of Schedule 9 to the Finance Act 1990 and subsection (1) was amended by section 53 of, and paragraph 1(1) and (2)(b) of Schedule 9 to, the Finance Act 1995 in relation to any transfers sanctioned or authorised after 30th June 1994.

(7) 1990 c. 1; section 152A was inserted by paragraph 5 of Schedule 9 to the Finance Act 1990 and subsection (1) was substituted by section 53 of, and paragraph 3 of Schedule 9 to, the Finance Act 1995 in relation to any transfers sanctioned or authorised after 30th June 1994.

(8) 1992 c. 12; sections 211(1) and 214(11) were amended by section 53 of, and paragraph 1(1) and (2)(d) of Schedule 9 to, the Finance Act 1995 in relation to any transfers sanctioned or authorised after 30th June 1994. Section 213(5) was amended by section 53 of, and paragraphs 1(1), (2)(d) and 4 of Schedule 9 to, the Finance Act 1995 in relation to any transfers sanctioned or authorised after 30th June 1994. Section 214A was inserted by section 91(5) of the Finance Act 1993 (c. 34), and section 214A(7) was amended by section 53 of, and paragraphs 1(1), (2)(d) and 5 of Schedule 9 to the Finance Act 1995 in relation to any transfers sanctioned or authorised after 30th June 1994.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Friendly Societies (Taxation of Transfers of Business) Regulations 1995 (S.I.1995/171) (“the principal Regulations”).

Regulation 4 of the principal Regulations (“regulation 4”) provides that, in relation to transfers, amalgamations and conversions of friendly societies, provisions of the Corporation Tax Acts which apply on the transfer of the whole or part of the long term business of an insurance company shall have effect as if the words “in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982” (“the specified words”) were omitted.

Section 53 of, and paragraphs 1 and 3 of Schedule 9 to, the Finance Act 1995 (c. 4) amended the specified words in all the provisions of the Corporation Tax Acts mentioned in regulation 4 (other than those provisions which had become spent); and the amended wording has effect in relation to any transfers of the whole or part of the long term business of an insurance company which are sanctioned or authorised after 30th June 1994.

These Regulations accordingly provide for regulation 4 to have effect in relation to transfers, amalgamations and conversions of friendly societies taking place on or after 1st January 1990 but before 1st July 1994, and insert a new regulation (regulation 4A) into the principal Regulations which makes provision, corresponding to that made by regulation 4, in relation to transfers, amalgamations and conversions taking place on or after 1st July 1994. The new regulation reflects the amended wording introduced by the Finance Act 1995.

Authority for the retrospective effect of these Regulations is given by section 463(4) of the Income and Corporation Taxes Act 1988.