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STATUTORY INSTRUMENTS

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**1997 No. 473**

**The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 1997**

**Modifications of section 83 of the Finance Act 1989**

**33.**—(1) Paragraph (2) prescribes a modification of section 83 of the Finance Act 1989<sup>(1)</sup> so far as it applies to the life or endowment business carried on by directive societies.

(2) After subsection (2) there shall be inserted the following subsections—

“(2A) Where, in a case where the expenses charged in the management fund exceed the amount transferred from all revenue account funds, the amount determined in accordance with subsection (2B) below shall be taken into account as a receipt of the period.

(2B) Subject to subsection (2D) below, that amount is the amount found by—

- (a) taking the aggregate amount of the society’s investment income recognised in the account of the management fund;
- (b) either adding any increase in value of the assets of the management fund, or subtracting any decrease in value of the assets of the management fund, as the case may be; and
- (c) multiplying the amount so found by the fraction specified in subsection (2C) below.

(2C) That fraction is the fraction of which—

- (a) the numerator is the amount transferred from the revenue account recognised for the purposes of section 83A(2)(2), and
- (b) the denominator is the amount transferred from all revenue account funds.

(2D) Where, apart from this subsection, the amount determined in accordance with subsection (2B) above would be a negative amount, the amount determined in accordance with that subsection shall be taken to be nil.”

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(1) Section 83 was substituted by paragraph 16(1) of Schedule 8 to the Finance Act 1995 in relation to accounting periods beginning on or after 1st January 1995 and amended by paragraph 4 of Schedule 31 to the Finance Act 1996 in relation to accounting periods beginning on or after 1st January 1996.

(2) Section 83A(2) is substituted by regulation 36(2) of these Regulations.