
STATUTORY INSTRUMENTS

1997 No. 473

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

Modifications of section 432A of the Taxes Act

9.—(1) Paragraph (2) prescribes a modification of section 432A of the Taxes Act⁽¹⁾ so far as it applies to the life or endowment business carried on by friendly societies; and paragraph (3) prescribes a further modification of that section so far as it applies to the life or endowment business carried on by non-directive societies.

(2) After subsection (1) the following subsection shall be inserted—

“(1A) Subsections (1B) to (1D) below apply where a friendly society with branches carries on more than one category of business.

(1B) In a case where—

(a) the society has caused the actuary to the society to prepare, as at the end of an accounting period and as at the end of the previous accounting period, reports prepared on the same basis as the society’s valuation report but which are limited to an investigation of the matters referred to in section 46(5) of the Friendly Societies Act 1992 in relation to the central body of the society (and not to any of its branches), and

(b) the society so chooses,

the apportionment of the income, gains or losses of the central body shall be determined by reference to the liabilities and the value of the assets estimated for the purposes of those reports.

(1C) Subject to subsection (1B) above, the apportionment shall be of the income, gains or losses of the society, together with all its branches.

(1D) Where, by virtue of this section, income, gains or losses are referable to any of the following categories, namely—

(a) pension business,

(b) taxable basic life assurance and general annuity business, or

(c) taxable class IV business,

that income, or those gains or losses, shall be attributable to the central body of the society and not to any of its branches unless the society shows that any business within any of those categories was written by a branch, in which case the income, gains or losses referable to any of those categories shall be attributed to any such branch in such manner as is just and reasonable.”

(3) After subsection (1D) (inserted by paragraph (2)) the following subsection shall be inserted—

(1) Section 432A was inserted by paragraph 4 of Schedule 6 to the Finance Act 1990, and amended by section 91(2)(a) of, and Part III(8) of Schedule 23 to the Finance Act 1993 (c. 34), paragraph 13 of Schedule 8 to the Finance Act 1995 and, with effect in relation to accounting periods beginning on or after 1 January 1996, by section 167(2) of the Finance Act 1996.

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

“(1E) In a case where, in relation to any period, the Friendly Societies Commission, acting under subsection (10) of section 47 of the Friendly Societies Act 1992, has dispensed with the requirement that a society shall cause such an abstract as is mentioned in subsection (2) of that section to be made and sent to the Commission, the definitions of “liabilities” and “value” in section 431(2) shall not apply; and any apportionment required by this section shall be made in such manner as is just and reasonable.”