
EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 463 of the Income and Corporation Taxes Act 1988 (c. 1) provides that the enactments relating to corporation tax apply to the life or endowment business carried on by friendly societies in the same way as they apply to long-term business of insurance companies, subject to such modifications and exceptions as may be prescribed by the Treasury.

These Regulations consolidate the regulations making such modifications, for accounting periods beginning on or after 1st January 2005. The Regulations also modify the life assurance tax provisions applying for 2005 onwards to take into account a number of changes made by the Financial Services Authority (“FSA”) to their Handbook, and changes made by the Finance (No. 2) Act 2005 (c. 22) to the life assurance tax provisions. One major change made by the FSA is that for 2005 onwards, directive friendly societies are governed by the FSA’s Interim Prudential Sourcebook (Insurers), whereas non-directive societies are governed by the Interim Prudential Sourcebook (Friendly Societies).

Regulation 1 provides for citation, commencement and effect, and regulation 2 for interpretation. The remaining provisions make technical modifications to the corporation tax primary enactments.

The regulations which give effect, in whole or in part, to the FSA and Finance (No. 2) Act 2005 changes are regulations 2, 4, 5, 6, 9, 26, 27, 29, 31, 32 and 42.

The power to make retrospective provision is conferred by section 463(4) of the Income and Corporation Taxes Act 1988.

These Regulations do not impose any new costs on business.