

Changes to legislation: There are currently no known outstanding effects for the Trustee Savings Banks Act 1985, SCHEDULE 2. (See end of Document for details)

SCHEDULES

SCHEDULE 2

TAXATION

Capital allowances

- 1 (1) For the purposes of the allowances and charges provided for by [^{F1}the Capital Allowances Act 2001] the trade of an existing bank shall not be treated as permanently discontinued and the trade of its successor shall not be treated as a new trade set up and commenced by the successor.
- (2) There shall be made to or on the successor in accordance with [^{F2}that Act] all such allowances and charges as would, if the bank had continued to carry on the trade, have fallen to be made to or on it, and the amount of any such allowance or charge shall be computed as if the successor had been carrying on the trade since the bank began to do so and as if everything done to or by the bank had been done to or by the successor.
- (3) No transfer of assets from the bank to its successor effected by section 3 above shall be treated as giving rise to any such allowance or charge.

Textual Amendments

- F1** Words in [Sch. 2 para. 1\(1\)](#) substituted (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2, s. 578, Sch. 2 para. 10\(a\)](#)
- F2** Words in [Sch. 2 para. 1\(2\)](#) substituted (22.3.2001 with effect as mentioned in [s. 579\(1\)](#) of the amending Act) by [2001 c. 2, s. 578, Sch. 2 para. 10\(b\)](#)

Chargeable gains

- 2 (1) For the purposes of the [^{F3}1992 Act], the transfer of any assets effected by section 3 above shall be deemed to be for a consideration such that no gain or loss accrues to the transferor.
- (2) Schedule [^{F3}2 to the 1992 Act] shall have effect in relation to any asset so transferred as if the acquisition or provision of it by the transferor had been the acquisition or provision of it by the transferee.
- (3) In paragraph 3 of Schedule 13 to the ^{M1}Finance Act 1982 (indexation: subsequent disposals following no gain/no loss disposals), the following shall be added at the end of sub-paragraph (3)—
- “(e) paragraph 2 of Schedule 2 to the Trustee Savings Banks Act 1985.”.

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Textual Amendments

- F3** Words in [Sch. 2 para. 2](#) substituted (6.3.1992 with effect as mentioned in [s. 289\(1\)\(2\)](#) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), [ss. 289, 290](#), [Sch. 10 para. 10\(1\)\(a\)\(b\)](#) (with [ss. 60, 101\(1\), 201\(3\)](#))

Marginal Citations

- M1** [1982 c. 39](#).

- 3 (1) For the purposes of Chapter [^{F4}III of Part II of the 1992 Act] (computation of chargeable gains)—
- (a) the shares in the successor to Trustee Savings Bank of the Channel Islands acquired by the new holding company on or before the vesting day shall be taken to have been so acquired for a consideration equal to the value of the assets transferred to the successor by section 3 above (as shown by the statutory accounts for the final financial year of Trustee Savings Bank of the Channel Islands) less the amount of any liabilities so transferred (as so shown); and
 - (b) the shares in the other successors to the existing banks acquired by the new holding company on or before the vesting day shall be deemed to have been acquired by the new holding company before 6th April 1945 and for no consideration or incidental cost.
- (2) For the purposes of paragraph [^{F4}16 of Schedule 2 to the 1992 Act] (election for valuation at 6th April 1965) the market value of the shares mentioned in subparagraph (1)(b) above, shall be determined by applying the formula—

$$£X = £Y \times \frac{A}{B}$$

Where—

X is the market value of those shares;

Y is the value of the assets of the transferor (as shown by the statutory accounts for its final financial year) less the aggregate of the amount of its liabilities (as so shown);

A is the period beginning with 6th April 1945 and ending with 5th April 1965; and

B is the period beginning with 6th April 1945 and ending with the vesting day.

Textual Amendments

- F4** Words in [Sch. 2 para. 3](#) substituted (6.3.1992 with effect as mentioned in [s. 289\(1\)\(2\)](#) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), [ss. 289, 290](#), [Sch. 10 para. 10\(2\)\(a\)\(b\)](#) (with [ss. 60, 101\(1\), 201\(3\)](#))

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- 4 (1) Where the liability in respect of any debt owed to an existing bank, the existing holding company or the Central Board, is transferred by section 3 above, the transferee shall be treated as the original creditor for the purposes of section [F5251] of the [F61992 Act] (debts).
- (2) On a 75 per cent. subsidiary (“the existing subsidiary”) of an existing bank becoming a 75 per cent. subsidiary of the bank’s successor, section [F7178 or 179 of the 1992 Act] (company ceasing to be a member of a group) shall not have effect as respects any assets transferred (at any time) by the bank to the subsidiary; but on the subsidiary ceasing to be a member of the group of companies (“the group”) of which the successor and the new holding company are both members, section [F7178 or 179 of the 1992 Act] shall apply as if the assets acquired by the subsidiary from the bank had been acquired by it from the bank’s successor.
- (3) No provision made by this Act shall be treated, for the purposes of section [F530] of the [F61992 Act] (value-shifting), as a scheme or arrangement.
- (4) For the purposes of the [F61992 Act], any allowable losses accruing in any accounting period to the Central Board or to an existing bank shall, so far as they have not been allowed as a deduction from chargeable gains, be treated as allowable losses which accrued in that accounting period to the new holding company or, as the case may be, successor.

Textual Amendments

- F5** Words in [Sch. 2 para. 4](#) substituted (6.3.1992 with effect as mentioned in [s. 289\(1\)\(2\)](#) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), [ss. 289, 290](#), [Sch. 10 para. 10\(3\)\(b\)](#) (with [ss. 60, 101\(1\), 201\(3\)](#))
- F6** Words in [Sch. 2 para. 4](#) substituted (6.3.1992 with effect as mentioned in [s. 289\(1\)\(2\)](#) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), [ss. 289, 290](#), [Sch. 10 para. 10\(3\)\(a\)](#) (with [ss. 60, 101\(1\), 201\(3\)](#))
- F7** Words in [Sch. 2 para. 4](#) substituted (6.3.1992 with effect as mentioned in [s. 289\(1\)\(2\)](#) of the amending Act) by virtue of [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), [ss. 289, 290](#), [Sch. 10 para. 10\(3\)\(c\)](#) (with [ss. 60, 101\(1\), 201\(3\)](#)).

- 5 For the purposes of the Act of 1979, gains arising on the disposal by the Central Board of any shares or rights to shares in the new holding company shall not be chargeable gains.

General

- 6 (1) Section [F8100] of the Taxes Act (valuation of trading stock on discontinuance of trade) shall not apply in relation to the discontinuance of the business of an existing bank.
- (2) The transfer of any trading stock investment from an existing bank to its successor effected by section 3 above shall be treated, for the purposes of corporation tax, as not constituting a disposal of that investment by the bank; but on the disposal of any such investment by the successor, the gain or, as the case may be, loss accruing to the successor shall be calculated (for the purposes of corporation tax) as if the investment had been acquired by the successor for the same consideration as that for which it was acquired by the bank.

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- (3) F9
- (4) Subject to any claim made by an existing bank under subsection (2) of section [F10393] of the Taxes Act (set off of losses against total profits), its successor shall be entitled to relief under subsection (1) of that section (carry forward of losses), as for a loss sustained by the successor in carrying on the trade, for any amount for which the bank would have been entitled to claim relief if it had continued to carry on the trade.
- (5) F11
- (8) Section [F12410(1) to (6) of the Taxes Act] (group relief: effect of arrangements for transfer of company to another group) shall not apply in relation to any transfer effected by section 3 above.

Textual Amendments

F8 Number substituted by [Income and Corporation Taxes Act 1988 \(c.1, SIF 63:1\), s. 844, Sch. 29 para. 32 Table](#)

F9 [Sch. 2 para. 6\(3\)](#) repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), s. 844, Sch. 30 para. 6\(1\), Sch. 31](#)

F10 Number substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), s. 844, Sch. 29 para. 32 Table](#)

F11 [Sch. 2 para. 6\(5\)–\(7\)](#) repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), s. 844, Sch. 30 para. 6\(1\), Sch. 31](#)

F12 Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), s. 844, Sch. 29 para. 32 Table](#)

Deduction of tax from certain loan interest

- 7 (1) F13
- (2) Section [F14369 of the Taxes Act] (deduction of tax from certain loan interest) shall have effect, on and after the vesting day, in relation to any loans made by an existing bank, as if the bank and its successor were a single qualifying lender.

Textual Amendments

F13 [Sch. 2 para. 7\(1\)](#) repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), s. 844, Sch. 30 para. 6\(1\), Sch. 31](#)

F14 Words substituted by virtue of [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), s. 844, Sch. 29 para. 32 Table](#)

Stamp duty

- 8 No transfer effected by section 3 above shall give rise to any liability to stamp duty.

Interpretation

- 9 (1) In this Schedule—
..... F15

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“further successor”, in relation to the successor to an existing bank, means any body to which the bank’s business, or any part of that business, is transferred after having been assumed by the successor;

“the Taxes Act” means the Income and Corporation Taxes Act [^{F16}1988];

“trading stock investment” means any investment on the disposal of which any gain or loss accruing would be treated as a trading profit or, as the case may be, loss for the purposes of Case I of Schedule D; and

“transferee” and “transferor”, in relation to any transfer of property, rights, liabilities or obligations effected by section 3 above, means respectively the person to whom and the person from whom they are so transferred. [^{F17}the 1992 Act” means the Taxation of Chargeable Gains Act 1992;]

- (2) Paragraph 1 above shall be construed as one with the provisions mentioned there and the other provisions of this Schedule shall be construed, so far as they relate to corporation tax, as one with the Corporation Tax Acts and, so far as they relate to capital gains tax, as one with the [^{F18}1992 Act].

Textual Amendments

- F15** Definition in Sch. 2 para. 9(1) repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, Sch. 30 para. 6(1), [Sch. 31](#)
- F16** Words in Sch. 2 para. 9(1) substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, [Sch. 29 para. 32](#) Table
- F17** Words added at the end of Sch. 2 para. 9(1) (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch. 10 para. 10\(4\)\(a\)](#) (with ss. 60, 101(1), 201(3))
- F18** Words in Sch. 2 para. 9(2) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch. 10 para. 10\(4\)\(b\)](#) (with ss. 60, 101(1), 201(3))

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