



# Finance Act 1995

## 1995 CHAPTER 4

### PART III

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

##### *Securities*

#### <sup>F1</sup>77 **Interest on gilt-edged securities payable without deduction of tax.**

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#### **Textual Amendments**

**F1** S. 77 repealed (31.7.1997 with effect as mentioned in Sch. 8 Pt. II(13) Note of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(13)** (with s. 3(3))

#### [<sup>F2</sup>78 **Periodic accounting for tax on interest on gilt-edged securities.**

(1) After the section 51A of the Taxes Act 1988 inserted by section 77 above there shall be inserted the following section—

##### **“ Periodic accounting for tax on interest on gilt-edged securities.**

- (1) The Treasury may by regulations provide for persons to whom payments of interest on relevant gilt-edged securities are made without deduction of tax to be required to make periodic returns to an officer of the Board of—
- (a) amounts of any payments of such interest made to that person, and
  - (b) amounts of tax for which, assuming the payments to bear tax at the basic rate for the relevant year of assessment, that person is to be accountable under the regulations in respect of those payments;

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and any such regulations may further provide for the amounts of tax required to be included in any such return to become due, at the time when the return is required to be made, from the person required to make it.

- (2) Regulations made by the Treasury for the purposes of this section may—
- (a) specify such periods as the Treasury may consider appropriate as the periods for which returns are to be made, and in respect of which any person is to account for tax, under the regulations;
  - (b) make provision for enabling returns under the regulations to be combined with returns under Schedule 16 and for requiring particulars of claims and calculations made for the purposes of the regulations to be set out in the returns;
  - (c) provide, in respect of any period for which a return is to be made by any person under the regulations, for that person to be obliged, before the end of the period, to make a payment on account of amounts that may become due from him in respect of that period;
  - (d) impose a requirement for a special return to be made for the purposes of any obligation imposed by virtue of paragraph (c) above;
  - (e) provide for the amount which, under the regulations, is to be due from any person in respect of any period to be reduced by reference to amounts which—
    - (i) are paid by or on behalf of that person under contracts or arrangements relating to transfers of gilt-edged securities; and
    - (ii) are or fall to be treated as representative of interest on those securities;
  - (f) authorise amounts in respect of which there is an obligation to account for tax under the regulations to be treated for specified purposes of the Tax Acts as payments on which a person has borne income tax by deduction;
  - (g) make provision for the assessment of amounts due under the regulations and for the repayment in specified circumstances of amounts paid under the regulations;
  - (h) make provision for interest to be payable, at such rate as may be determined by or under the regulations, on amounts that have become due under the regulations but have not been paid;
  - (i) make provision, where payments of interest on any relevant gilt-edged securities would be comprised in the income of a member of Lloyd's, for obligations that may be imposed by regulations under this section on the person to whom the interest is paid to be imposed, instead, on such other person as may be described in the regulations.
- (3) Regulations made by the Treasury for the purposes of this section may—
- (a) include provision which for the purposes of the regulations makes any provision corresponding, with or without modifications, to any of the provisions of Schedule 16;
  - (b) make provision modifying the operation of Schedule 19AB in relation to cases where payments of interest on relevant gilt-edged securities are made without deduction of tax to companies carrying on pension business;

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- (c) include provision which requires obligations and liabilities under the regulations to be treated as obligations and liabilities to which provisions of Schedule 23 to the Finance Act 1995 (UK representatives) apply; and
  - (d) include provision which, for any of the purposes of the regulations, applies provisions of sections 126 and 127 of, and Schedule 23 to, that Act in relation to times before those provisions otherwise come into force.
- (4) Regulations made by the Treasury for the purposes of this section may—
- (a) make different provision for different cases; and
  - (b) contain such supplementary, incidental, consequential and transitional provision as appears to the Treasury to be appropriate;
- and subsection (3) of section 178 of the <sup>M1</sup>Finance Act 1989 (extent of powers to set rates of interest) shall apply for the purposes of the power conferred by virtue of subsection (2)(h) above as it applies for the purposes of the power to make regulations under that section.
- (5) In this section “relevant gilt-edged securities” means securities which are gilt-edged securities within the meaning of section 51A, other than any to which a direction of the Treasury under section 50 relates.
- (6) In this section “relevant year of assessment”—
- (a) in relation to a manufactured payment, means the year of assessment in which it is received by the person to whom it is paid; and
  - (b) in relation to any other payment of interest, means the year of assessment in which the payment is made;
- and in this subsection “manufactured payment” means any payment which for the purposes of Schedule 23A is a payment of manufactured interest.”
- (2) In the Table in section 98 of the Management Act (penalties in respect of certain information provisions), immediately before the entry in the second column relating to section 124(3) of the Taxes Act 1988 there shall be inserted the following entry—
- “regulations under section 51B;”.]

**Textual Amendments**

**F2** S. 78 repealed (31.7.1998 with effect as mentioned in s. 37(3) of the amending Act) by 1998 c. 36, s. 165, Sch. 27 Pt. III(3) Note

**Marginal Citations**

**M1** 1989 c. 26.

**F379 Sale and repurchase of securities: exclusion from accrued income scheme.**

**Textual Amendments**

**F3** S. 79 repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), Sch. 3 Pt. 1 (with Sch. 2)

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## 80 Treatment of price differential on sale and repurchase of securities.

<sup>F4</sup>(1) .....

[<sup>F5</sup>(2) In section 729 of that Act (sale and repurchase of securities), after subsection (5) there shall be inserted the following subsection—

“(5A) This section shall not apply where section 737A applies; and this section shall be disregarded in determining whether the condition in subsection (2)(b) of that section is fulfilled in any case.”]

<sup>F6</sup>(3) .....

(4) After section 263 of the <sup>M2</sup>Taxation of Chargeable Gains Act 1992 there shall be inserted the following section—

### “263A Agreements for sale and repurchase of securities.

(1) Subject to subsections (2) to (4) below, in any case falling within subsection (1) of section 730A of the Taxes Act (treatment of price differential on sale and repurchase of securities) and in any case which would fall within that subsection if the sale price and the repurchase price were different—

- (a) the acquisition of the securities in question by the interim holder and the disposal of those securities by him to the repurchaser, and
- (b) except where the repurchaser is or may be different from the original owner, the disposal of those securities by the original owner and any acquisition of those securities by the original owner as the repurchaser,

shall be disregarded for the purposes of capital gains tax.

(2) Subsection (1) above does not apply in any case where the repurchase price of the securities in question falls to be calculated for the purposes of section 730A of the Taxes Act by reference to provisions of section 737C of that Act that are not in force in relation to those securities when the repurchase price becomes due.

(3) Subsection (1) above does not apply if—

- (a) the agreement or agreements under which provision is made for the sale and repurchase are not such as would be entered into by persons dealing with each other at arm’s length; or
- (b) any of the benefits or risks arising from fluctuations, before the repurchase takes place, in the market value of the securities sold accrues to, or falls on, the interim holder.

(4) Subsection (1) above does not apply in relation to any disposal or acquisition of qualifying corporate bonds in a case where the securities disposed of by the original owner or those acquired by him, or by any other person, as the repurchaser are not such bonds.

(5) Expressions used in this section and in section 730A of the Taxes Act have the same meanings in this section as in that section.”

(5) This section shall have effect where the agreement to sell the securities is entered into on or after the date on which this Act is passed.

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Cross Heading: Securities. (See end of Document for details)*

**Textual Amendments**

- F4** S. 80(1) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)
- F5** S. 80(2) repealed (29.4.1996 with effect as mentioned in s. 159(1) of the amending Act) by [1996 c. 8, s. 205](#), [Sch. 41 Pt. V\(21\)](#) Note 1
- F6** S. 80(3) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

**Marginal Citations**

- M2** [1992 c. 12](#).

**<sup>F7</sup>81** **Manufactured interest payments: exclusion from bond-washing provisions.**

**Textual Amendments**

- F7** S. 81 omitted (with effect in accordance with s. 66(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 66\(4\)\(f\)](#)

**<sup>F8</sup>82** .....

**Textual Amendments**

- F8** S. 82 repealed (19.3.1997 with effect as mentioned in [Sch. 10 para. 7\(1\)](#) of the amending Act) by [1997 c. 16, ss. 76, 113](#), [Sch. 18 Pt. VI\(10\)](#) Note 1; [S.I. 1997/991](#), [art. 2](#)

**83** **Power to make special provision for special cases.**

<sup>F9</sup>(1) .....

(2) In section 182(1) of the <sup>M3</sup>Finance Act 1993 and section 229 of the <sup>M4</sup>Finance Act 1994 (powers to modify provisions relating to Lloyd’s), the following paragraph shall be inserted, in each case, after paragraph (c)—

“(ca) for modifying the application of this Chapter in relation to cases where assets forming part of a premiums trust fund are the subject of—

- (i) any such arrangement as is mentioned in section 129(1), (2) or (2A) of the Taxes Act 1988 (stock lending etc.); or
- (ii) any such arrangements or agreements as are mentioned in section 737E(2) and (8) of the Taxes Act 1988 (sale and repurchase of securities etc.);”.

**Textual Amendments**

- F9** S. 83(1) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 35\(2\)\(a\)](#)

**Marginal Citations**

- M3** [1993 c. 34](#).

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**M4** 1994 c. 9.

**F10** **84** .....

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**Textual Amendments**  
**F10** S. 84 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 7(1) of the amending Act) by 1997 c. 16, ss. 76, 113, **Sch. 18 Pt. VI(10)** Note 1; S.I. 1997/991, **art. 2**

**F11** **85** .....

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**Textual Amendments**  
**F11** S. 85 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 7(1) of the amending Act) by 1997 c. 16, ss. 76, 113, **Sch. 18 Pt. VI(10)** Note 1; S.I. 1997/991, **art. 2**

**Changes to legislation:**

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