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STATUTORY INSTRUMENTS

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**1990 No. 2552**

**INCOME TAX**

**The Income Tax (Stock Lending)  
(Amendment) Regulations 1990**

*Made* - - - - *13th December 1990*  
*Laid before the House of*  
*Commons* - - - - *17th December 1990*  
*Coming into force* - - *7th January 1991*

The Treasury, in exercise of the powers conferred on them by section 129 of the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Income Tax (Stock Lending) (Amendment) Regulations 1990 and shall come into force on 7th January 1991.

**Interpretation**

2. In these Regulations “the principal Regulations” means the Income Tax (Stock Lending) Regulations 1989(2) and “regulation” means a regulation of those Regulations.

**Amendments to the principal Regulations**

3.—(1) In regulation 2(1)—

(a) in the definition of “gilt-edged securities”—

(i) at the end of paragraph (a) there shall be added the word “and”, and

(ii) paragraph (c) and the word “, and” at the end of paragraph (b) shall be omitted;

(b) in the definition of “other United Kingdom securities”—

(i) after the words “in respect of which” there shall be inserted the words “at the time the arrangement in question is made”;

(ii) in condition (a) the words “, at the time the arrangement in question is made,” shall be omitted; and

(iii) for condition (b) there shall be substituted—

“(b) that, where the shares or stock were issued by a government or public or local authority of a country or territory outside the United Kingdom, or by any other body of persons not resident in the United Kingdom, such shares or stock are registered in a register kept in the United Kingdom by or on behalf of that government, authority or body of persons;”;

(c) in the definition of “overseas securities” for paragraph (a) there shall be substituted—

“(a) stocks, shares and other securities issued by a government or public or local authority of a country or territory outside the United Kingdom, or by any other body of persons not resident in the United Kingdom, which are not other United Kingdom securities, and”.

(2) In regulation 6(3)(b) after the words “arrangement as” there shall be inserted the words “an agent or”.

(3) In regulation 7—

(a) in paragraph (1) for sub-paragraphs (d) and (e) there shall be substituted—

“(d) that the arrangement includes a provision for accounting to the Board for a sum representing income tax on any payment made by A to B as compensation for B’s failure to receive a dividend or other annual payment which he would have received if he had not entered into the arrangement.”;

(b) in paragraph (2)—

(i) in sub-paragraph (b) after the words “arrangement as” there shall be inserted the words “an agent or”;

(ii) for sub-paragraph (d) there shall be substituted—

“(d) that the arrangement includes a provision for accounting to the Board for a sum representing income tax on any payment made by B to C as compensation for C’s failure to receive a dividend or other annual payment which he would have received if he had not entered into the arrangement.”;

(c) in paragraph (3) the definition of “held overseas” shall be omitted.

*Sydney Chapman*

*Irvine Patnick*

Two of the Lords Commissioners of Her Majesty’s Treasury

13th December 1990

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, which come into force on 7th January 1991, amend the Income Tax (Stock Lending) Regulations 1989. The principal changes are to the definition of “other United Kingdom securities” and to the conditions relating to the transfer of overseas securities.

The definition of “other United Kingdom securities” is amended by replacing the condition that, where such securities are issued by a non-resident body of persons, dividends payable out of those securities are to constitute relevant foreign dividends for the purposes of section 123 of the Income and Corporation Taxes Act 1988 by a condition that, where such securities are issued by a government or public or local authority outside the United Kingdom, or other non-resident body of persons, they are held on a register in the United Kingdom at the time the stock lending arrangements are made.

The conditions relating to the transfer of overseas securities are amended by replacing the conditions that such securities are held overseas and delivered outside the United Kingdom by a requirement that the stock lending arrangement contains a provision for accounting to the Commissioners of Inland Revenue for tax on payments made by the “borrower” to the “lender” in lieu of the dividends that the lender would otherwise have received on those securities.