
STATUTORY INSTRUMENTS

1996 No. 1228

INCOME TAX

**The Income Tax (Stock Lending)
(Amendment) Regulations 1996**

<i>Made</i>	- - - -	<i>7th May 1996</i>
<i>Laid before the House of Commons</i>	- - - -	<i>7th May 1996</i>
<i>Coming into force</i>	- -	<i>28th May 1996</i>

The Treasury, in exercise of the powers conferred on them by section 129(2B) and (4) 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 1996 and shall come into force on 28th May 1996.

Interpretation

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

Amendments to the principal Regulations

3. In regulation 2(1)—

- (a) the definitions of “gilt-edged securities”, “other United Kingdom securities” and “overseas securities” shall be omitted;
- (b) for the definition of “United Kingdom equity securities”(3) there shall be substituted the following definition—

““United Kingdom equity securities” means shares issued by a company which—

(1) 1988 c. 1; subsection (2B) of section 129 was inserted by section 84(3) of the Finance Act 1995 (c. 4), and subsection (4) was amended by paragraph 14(8) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12).
(2) S.I. 1989/1299, amended by S.I. 1990/2552, 1992/572, 1993/2003, 1995/1283 and 3219.
(3) Added by S.I. 1992/572.

- (a) have been admitted to the Official List of the Stock Exchange, or are permitted to be dealt in on the Unlisted Securities Market or Alternative Investment Market of the Stock Exchange, or
 - (b) where the company issuing the shares is not resident in the United Kingdom, are registered in a register kept in the United Kingdom by or on behalf of that company,
- and, except where comprised in an arrangement falling within regulation 4(1)(b), includes depository receipts for such shares.”
4. In regulation 2(2) the words “or stock”, wherever occurring, shall be omitted.
5. In regulation 3B(a)(4) for the words from “under which” to “gilt-edged securities” there shall be substituted “for the transfer of securities other than United Kingdom equity securities”.
6. For regulation 4(5) there shall be substituted the following regulation—

“Application of subsection (3) and section 271(9)

- 4.—(1) Neither subsection (3) nor section 271(9) shall apply to a transfer, or a disposal and acquisition, made in pursuance of an arrangement mentioned in subsection (1) or (2) unless—
- (a) in relation to an arrangement under which the securities to be transferred are United Kingdom equity securities, not being an arrangement falling within subparagraph (b) below, the conditions specified in regulation 6 are fulfilled, or
 - (b) in relation to an arrangement under which United Kingdom equity securities are to be transferred to a member, the conditions specified in regulation 6A are fulfilled.
- (2) Neither subsection (3) nor section 271(9) shall apply to a transfer, or a disposal and acquisition, made in pursuance of an arrangement mentioned in paragraph (a) of subsection (2A), unless the securities to be transferred are securities other than United Kingdom equity securities.”
7. Regulations 6(2), 7 and 8 shall be omitted.

7th May 1996

Simon Burns
Michael Bates
Two of the Lords Commissioners of Her
Majesty’s Treasury

(4) Inserted by S.I. 1995/3219.
(5) Substituted by S.I. 1993/2003 and amended by S.I. 1995/3219.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Income Tax (Stock Lending) Regulations 1989 (S.I.1989/1299) (“the principal Regulations”).

The amendments are made in consequence of the provisions contained in Chapter II of Part IV of the Finance Act 1996 (c. 8) relating to corporate loan relationships. The provisions in question override the provisions of the principal Regulations relating to arrangements involving securities other than United Kingdom equities, thereby necessitating amendments to the principal Regulations. The amendments also remove all arrangements involving overseas securities from the scope of the principal Regulations, which accordingly now relate only to United Kingdom equities.

Regulation 1 provides for citation and commencement, and regulation 2 for interpretation.

Regulations 3 to 7 make amendments to the principal Regulations so as to take account of the new provisions relating to corporate loan relationships, and to remove the provisions of the principal Regulations that imposed conditions to be fulfilled before stock lending arrangements involving securities other than United Kingdom equities could be approved.