
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Taxation of Securitisation Companies Regulations 2006 (S.I. 2006/3296: “the Principal Regulations”).

Regulation 1 provides for citation, commencement and effect. Authority for the limited retrospective effect is given by section 84(5)(b) of the Finance Act 2005.

Regulation 2 amends the Principal Regulations as follows.

Paragraph (2) amends regulation 2 (interpretation) to restrict the definition of “financial asset” so that term does not include derivative contracts or loan relationships with embedded derivatives where the underlying subject matter is shares or land.

Paragraph (3) amends regulation 3 (scope of these Regulations) to insert a reference to the new regulation 13A inserted by these Regulations.

Paragraph (4) amends regulation 6 (meaning of “asset-holding company”) to allow debtor relationships with a lender other than the note issuer or intermediate borrowing company to exceed those with the note issuer or intermediate borrowing company after the commencement of the capital market arrangement.

Paragraph (5) makes the same amendment to regulation 7 (meaning of “intermediate borrowing company”) and further amends regulation 7 to allow a company to be an intermediate borrowing company if it has a creditor relationship with a partnership that would be an asset holding company if were a company.

Paragraph (6) amends regulation (8) (meaning of “warehouse company”) to define the business of a warehouse company as a “warehouse arrangement”.

Paragraph (7) amends regulation 10 (meaning of “retained profit”) to include the profit of a warehouse arrangement in the meaning of the expression “retained profit”.

Paragraph (8) amends regulation 12 (securitisation companies that have an unallowable purpose) to substitute a reference to a new definition of the expression “tax advantage”.

Paragraph (9) inserts a new regulation 13A which provides that the Principal Regulations shall not apply to companies that have elected that section 83(1) of the Finance Act 2005 shall not apply.

Paragraph (10) amends regulation 19 (non-application of provisions of Schedule 9 to the Finance Act 1996) to disapply paragraph 17 (deeply discounted securities where companies have a connection) and paragraph 18 (deeply discounted securities of close companies) of Schedule 9 to the Finance Act 1996 in relation to securitisation companies.

A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.