



Income Tax Act 2007

2007 CHAPTER 3

PART 15

DEDUCTION OF INCOME TAX AT SOURCE

CHAPTER 9

MANUFACTURED PAYMENTS

[^{F1}Repos

Textual Amendments

- F1** Ss. 925A-925F and cross-heading inserted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 7 para. 112](#) (with [Sch. 9 paras. 1-9, 22](#))

925A Creditor repos

- (1) Subsection (2) applies if a company (“the lender”) has a creditor repo for the purposes of Chapter 10 of Part 6 of CTA 2009 (see section 543 of that Act).
- (2) Sections 918 to 925 have effect in relation to the lender while the arrangement is in force as if—
 - (a) the lender paid the borrower amounts which are representative of the income payable on the securities that are initially sold,
 - (b) the payments were made under requirements of the arrangement, and
 - (c) the payments were made on the dates on which the income is payable.
- (3) For the purposes of subsection (2), an arrangement is in force from the time when the securities are initially sold until the earlier of—

Status: Point in time view as at 19/12/2012.

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading: Repos. (See end of Document for details)

- (a) the time when the subsequent sale of the securities, or similar securities, takes place, and
- (b) the time when it becomes apparent that that sale will not take place.

925B Debtor repos

- (1) Subsection (2) applies if a company (“the borrower”) has a debtor repo for the purposes of Chapter 10 of Part 6 of CTA 2009 (see section 548 of that Act).
- (2) The reverse charge provisions of this Chapter have effect in relation to the borrower while the arrangement is in force as if—
 - (a) the lender paid the borrower amounts which are representative of the income payable on the securities that are initially sold,
 - (b) the payments were made under requirements of the arrangement, and
 - (c) the payments were made on the dates on which the income is payable.
- (3) In subsection (2) “the reverse charge provisions of this Chapter” means—
 - (a) regulations under section 918(4), and
 - (b) sections 920 and 923.
- (4) For the purposes of subsection (2), an arrangement is in force from the time when the securities are initially sold until the earlier of—
 - (a) the time when the subsequent buying of the securities, or similar securities, takes place, and
 - (b) the time when it becomes apparent that that buying will not take place.

925C Actual payments ignored if section 925A or 925B applies

If section 925A(2) or 925B(2) applies, any payment actually made under an arrangement which is representative of any income payable on any securities is to be treated for the purposes of sections 918 to 925 as if it had not been made.

925D Power to modify repo sections

- (1) The Treasury may by regulations provide for all or any of the provisions of sections 925A to 925F to apply with modifications in relation to—
 - (a) cases to which section 925E (non-standard repo cases) applies, or
 - (b) cases involving redemption arrangements, or
 - (c) both of those cases.
- (2) A case involves redemption arrangements if—
 - (a) arrangements, corresponding to those made in cases where a company has a repo, are made in relation to securities that are to be redeemed in the period after their sale, and
 - (b) the arrangements are such that a person (instead of having the right or obligation to buy those securities, or similar or other securities, at any subsequent time) has a right or obligation in respect of the benefits which will result from the redemption.
- (3) The regulations may make incidental, supplemental, consequential and transitional provision and savings.

Status: Point in time view as at 19/12/2012.

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading: Repos. (See end of Document for details)

- (4) In this section “modifications” includes exceptions and omissions.
- (5) For the purposes of subsection (2)(a) and section 925E(1), a company has a repo if—
 - (a) for the purposes of Chapter 10 of Part 6 of CTA 2009—
 - (i) it has a creditor repo (see section 543 of that Act),
 - (ii) it has a creditor quasi-repo (see section 544 of that Act),
 - (iii) it has a debtor repo (see section 548 of that Act), or
 - (iv) it has a debtor quasi-repo (see section 549 of that Act), or
 - (b) as a result of section 547 of that Act, the company has a creditor repo for the purposes of section 546 of that Act.

925E Cases where section 925D applies: non-standard repos

- (1) This section applies to a case if—
 - (a) a company has a repo,
 - (b) there has been a sale of the securities under the arrangement or arrangements by reference to which the company has the repo, and
 - (c) any of conditions A to C is met.
- (2) Condition A is that those securities, or similar or other securities, are not subsequently bought under the arrangement or arrangements.
- (3) Condition B is that provision is made by or under an arrangement for different or additional securities to be treated as, or as included with, securities which, for the purposes of the subsequent purchase, are to represent those initially sold.
- (4) Condition C is that provision is made by or under an arrangement for securities to be treated as not so included.
- (5) Section 925D(5) interprets references in subsection (1) to a company having a repo.

925F Interpretation of the repo sections

- (1) This section applies for the purposes of sections 925A to 925E and this section.
- (2) “Arrangement” includes any agreement or understanding (whether or not legally enforceable).
- (3) It does not matter whether or not provision of any arrangement conferring a right or imposing an obligation on any person to buy any securities is subject to any conditions.
- (4) “Securities” means shares, stock or other securities issued by—
 - (a) the government of the United Kingdom,
 - (b) any public or local authority in the United Kingdom,
 - (c) any UK resident company or other UK resident body,
 - (d) a government or public or local authority of a territory outside the United Kingdom, or
 - (e) any other body of persons not resident in the United Kingdom.
- (5) Securities are similar if they give their holders—
 - (a) the same rights against the same persons as to capital, interest and dividends, and

Status: Point in time view as at 19/12/2012.

Changes to legislation: There are currently no known outstanding effects for the
Income Tax Act 2007, Cross Heading: Repos. (See end of Document for details)

- (b) the same remedies to enforce those rights.
- (6) Subsection (5) applies even if there is a difference in—
- (a) the total nominal amounts of the securities,
 - (b) the form in which they are held, or
 - (c) the manner in which they can be transferred.
- (7) If—
- (a) a person (“A”) buys securities (or has a right or obligation to buy securities),
but
 - (b) the securities are (or are to be) held for the benefit of another person (“B”),
B (not A) is treated as buying (or having the right or obligation to buy) the securities.
- (8) If—
- (a) a person (“C”) sells securities, but
 - (b) the proceeds of the sale are held for the benefit of another person (“D”),
D (not C) is treated as selling the securities.]

Status:

Point in time view as at 19/12/2012.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading:
Repos.