

**2006 No. 3291**

**CAPITAL GAINS TAX**

**The Capital Gains Tax (Definition of Permanent Interest Bearing Share) Regulations 2006**

*Made* - - - - - *11th December 2006*  
*Laid before the House of Commons* *11th December 2006*  
*Coming into force* - - - *1st January 2007*

The Treasury make the following Regulations in exercise of the powers conferred by section 117(12) of the Taxation of Chargeable Gains Act 1992(a):

**Citation and commencement**

1. These Regulations may be cited as the Capital Gains Tax (Definition of Permanent Interest Bearing Share) Regulations 2006 and come into force on 1st January 2007.

**Definition of permanent interest bearing share**

2.—(1) In the definition of “permanent interest-bearing share” in paragraph (b) of subsection (11) of section 117 of the Taxation of Chargeable Gains Act 1992 (meaning of “qualifying corporate bond”)(b)—

- (a) for “within the meaning of, and is eligible for inclusion in the calculation for capital adequacy requirements in accordance with,” substitute “for the purposes of”; and
- (b) for “Prudential Sourcebook (Building Societies)” substitute—  
“General Prudential Sourcebook made by the Financial Services Authority under the Financial Services and Markets Act 2000”.

(2) In consequence of the amendment made by paragraph (1) the words in subsection (11) following paragraph (b) are repealed.

*Dave Watts*  
*Frank Roy*

11th December 2006

Two of the Lords Commissioners of Her Majesty’s Treasury

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(a) 1992 c. 12.

(b) This definition was last substituted by article 63(1) of S.I. 2001/3629.

## EXPLANATORY NOTE

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

These Regulations amend the definition of “permanent interest-bearing share” in section 117 of the Taxation of Chargeable Gains Act 1992.

Regulation 1 provides for citation and commencement.

Regulation 2(1)(b) amends the definition of “permanent interest-bearing share” by substituting a reference to the General Prudential Sourcebook issued by the Financial Services Authority under the Financial Services and Markets Act 2000 for the existing reference to the Interim Prudential Sourcebook for Building Societies. The Interim Prudential Sourcebook for Building Societies is being superseded by the General Prudential Sourcebook.. Sub-paragraph (a) of that paragraph makes a minor amendment to the definition to reflect the fact that the definitions used in the General Prudential Sourcebook are now contained in a separate Glossary.

Regulation 2(2) repeals words which are redundant in consequence of the amendment made by regulation 2(1)(b).

These Regulations do not impose new costs on business.

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