
STATUTORY INSTRUMENTS

2015 No. 2056

The Taxation of Regulatory Capital Securities (Amendment) Regulations 2015

Amendment of the Taxation of Regulatory Capital Securities Regulations 2013

2.—(1) The principal Regulations are amended as follows.

(2) In regulation 2—

(a) in paragraph (1)—

(i) after sub-paragraph (a) omit “or”,

(ii) after sub-paragraph (b) insert—

“(c) an item listed in point (a)(iii) or (b) of Article 69 of CDR which is a Tier 1 item under—

(i) Article 69 or 79 of CDR, or

(ii) rule 4.1 in the Annex to the PRA Rulebook: Solvency II Firms: Transitional Measures Instrument 2015 ^{M1} (“the Transitional Instrument”), or

(d) an item listed in point (a)(iii) or (b) of Article 72 of CDR which is a Tier 2 item under—

(i) Article 72 or 79 of CDR, or

(ii) rule 4.2 in the Annex to the Transitional Instrument.”,

(b) in paragraph (4), for “In these Regulations, “CRR”” substitute—

“In these Regulations—

“CDR” means the Commission Delegated Regulation (EU) 2015/35 ^{M2} (as amended from time to time),

“CRR”.

(3) In regulation 3—

(a) in paragraph (2)—

(i) in sub-paragraph (b), for the words from “fair” to the end substitute “measuring the whole or part of the security at fair value were not generally accepted accounting practice (but see paragraph (3A)), and ”,

(ii) in sub-paragraph (c)(i), after “instrument” insert “or an item listed in point (a)(i) or (ii) of Article 69 of CDR ”,

(b) in paragraph (3)—

(i) for “carrying value” substitute “tax-adjusted carrying value ”,

(ii) for “section 317” substitute “section 465B ^{M3} ”,

(c) after paragraph (3) insert—

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“(3A) Paragraph (2)(b) does not prevent the carrying value of the security being adjusted as necessary where the security is the hedged item under a designated fair value hedge.”,

(d) in paragraph (4), omit the definition of “fair value accounting”.

(4) After regulation 3, insert—

“Amounts recognised in equity

3A.—(1) This regulation applies if in accordance with generally accepted accounting practice, an amount in respect of a regulatory capital security relating to any of the matters in section 306A(1) of CTA 2009 ^{M4}—

- (a) is recognised in equity or shareholders' funds for a period, and
- (b) is not recognised in the company's accounts for the period as an item of profit or loss or as an item of other comprehensive income.

(2) The amount is to be brought into account for the period for the purposes of Part 5 of CTA 2009 ^{M5} in the same way as an amount which is brought into account as a credit or debit in determining the company's profit or loss for the period in accordance with generally accepted accounting practice.

(3) But this regulation does not bring into account for the purposes of Part 5 of CTA 2009 any exchange gain or loss of the company so far as it is recognised in the company's statement of total recognised gains and losses, statement of recognised income and expense, statement of changes in equity or statement of income and retained earnings.

(4) In this regulation “item of profit or loss”, “item of other comprehensive income”, “statement of total recognised gains and losses”, “statement of recognised income and expense”, “statement of changes in equity” and “statement of income and retained earnings” each has the meaning that it has for accounting purposes.”

Marginal Citations

- M1** This instrument was made on 17th March 2015 by order of the Board of the Prudential Regulation Authority and can be found at http://www.prarulebook.co.uk/rulebook/Media/Get/4f24735c-d66e-4be7-aa93-6bb0d4c8d2c7/PRA_2015_26/pdf.
- M2** OJ L12,17.1.2015, p.1.
- M3** [Section 465B](#) was inserted by paragraph 52 of Schedule 7 to the Finance (No.2) Act 2015.
- M4** [Section 306A](#) was inserted by paragraph 3 of Schedule 7 to the Finance (No.2) Act 2015.
- M5** [Part 5](#) of the Corporation Tax Act 2009 was relevantly amended by Schedule 7 to the Finance (No.2) Act 2015.

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Changes and effects yet to be applied to :

- Regulations revoked by [2019 c. 1 Sch. 20 para. 1\(2\)](#)