

*Status: Point in time view as at 01/12/2001.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, SCHEDULE 12. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 12

Section 65.

#### CONTRACTUAL SAVINGS SCHEMES

##### *Introduction*

- 1 In this Schedule references to section 326 are to section 326 of the Taxes Act 1988 (contractual savings schemes).

##### *Curtailment of schemes*

- 2 (1) The <sup>M1M2</sup>following provisions of section 326, namely—
- (a) subsection (2) (schemes governed by regulations made under section 11 of National Debt Act 1972),
  - (b) subsection (3) (schemes with building societies), and
  - (c) subsection (4) (schemes with institutions authorised under Banking Act 1987),
- shall be amended as mentioned in sub-paragraph (2) below.
- (2) In each subsection for the <sup>M3</sup>words “a scheme” (where they first occur) there shall be substituted “a share option linked scheme”.
- (3) This paragraph shall apply in relation to schemes not certified as mentioned in section 326(2)(c), (3)(b) or (4)(b) before 1st December 1994.

##### **Marginal Citations**

- M1** 1987 c. 22.  
**M2** 1972 c. 65.  
**M3** 1987 c. 22.

##### *European institutions*

- 3 (1) Section 326 shall be further amended as follows.
- (2) In subsection (1) (relief for sums payable in respect of bank deposits etc.) after paragraph (c) there shall be inserted “or
- (d) in respect of money paid to a relevant European institution,”.
- (3) In subsection (2) (meaning of certified scheme except in relation to institutions authorised under Banking Act 1987 etc.) after “1987” there shall be inserted “or a relevant European institution”.
- (4) The following subsection shall be inserted after subsection (4)—

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“(5) In this section “certified contractual savings scheme” means, in relation to a relevant European institution, a share option linked scheme—

- (a) providing for periodical contributions by individuals for a specified period, and
- (b) certified by the Treasury as corresponding to a scheme certified under subsection (2) above, and as qualifying for exemption under this section.”

(5) Sub-paragraph (2) above shall apply in relation to schemes established after the day on which this Act is passed.

*Certification: Treasury specifications*

4 (1) Section 326 shall be further amended as follows.

(2) In each of the <sup>M4</sup>following provisions, namely—

- (a) subsection (3)(b) (Treasury certification of schemes with building societies),
- (b) subsection (4)(b) (Treasury certification of schemes with institutions authorised under Banking Act 1987), and
- (c) subsection (5)(b) (inserted by paragraph 3 above),

for the words “corresponding to a scheme certified under subsection (2) above” there shall be substituted “ fulfilling such requirements as the Treasury may specify for the purposes of this section ”.

(3) This paragraph shall apply in relation to schemes not certified as mentioned in section 326(3)(b), (4)(b) or (5)(b) before such day as the Treasury may by order made by statutory instrument appoint.

**Commencement Information**

**II** Sch. 12 para. 4 in force at Royal Assent, but with effect from 31.7.1995 by S.I. 1995/1778, art. 2

**Marginal Citations**

**M4** 1987 c. 22.

*Treasury authorisation*

5 (1) Section 326 shall be further amended by inserting the following subsections after subsection (5) (inserted by paragraph 3 above)—

“(6) Any terminal bonus, interest or other sum payable under a scheme shall not be treated as payable under a certified contractual savings scheme for the purposes of this section if—

- (a) the contract under which the sum is payable provides for contributions to be made by way of investment in a building society or to be made to an institution authorised under the Banking Act 1987 or to a relevant European institution, and
- (b) neither the requirement under subsection (7) below nor that under subsection (8) below is fulfilled.

(7) The requirement under this subsection is that—

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- (a) when the contract is entered into there is Treasury authorisation for the society or institution concerned to enter into contracts under the scheme, and
  - (b) the authorisation was given without any conditions being imposed.
- (8) The requirement under this subsection is that—
- (a) when the contract is entered into there is Treasury authorisation for the society or institution concerned to enter into contracts under the scheme,
  - (b) the authorisation was given subject to conditions being met, and
  - (c) the conditions are met when the contract is entered into.”
- (2) This paragraph shall apply in relation to schemes not certified as mentioned in section 326(3)(b), (4)(b) or (5)(b) before the day appointed under paragraph 4(3) above.

*Section 326: supplementary*

- 6 (1) Section 326 shall be further amended by inserting the following subsection after subsection (8) (inserted by paragraph 5 above)—

“(9) Schedule 15A to this Act (which contains provisions supplementing this section) shall have effect.”

- (2) The following Schedule shall be inserted after Schedule 15 to the Taxes Act 1988—

“SCHEDULE  
15A

CONTRACTUAL SAVINGS SCHEMES

*Introduction*

- 1 This Schedule shall have effect for the purposes of section 326.

*Share option linked schemes*

- 2 (1) A share option linked scheme is a scheme under which periodical contributions are to be made by an individual—
- (a) who is eligible to participate in (that is, to obtain and exercise rights under) an approved savings-related share option scheme, and
  - (b) who is to make the contributions for the purpose of enabling him to participate in that approved scheme.
- (2) In sub-paragraph (1) above—
- (a) “savings-related share option scheme” has the meaning given by paragraph 1 of Schedule 9, and
  - (b) “approved” means approved under that Schedule.

*Relevant European institutions*

- 3 A relevant European institution is an institution which—

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- (a) is a European authorised institution within the meaning of the <sup>M5</sup>Banking Co-ordination (Second Council Directive) Regulations 1992, and
- (b) may accept deposits in the United Kingdom in accordance with those regulations.

*Treasury specifications*

- 4 (1) The requirements which may be specified under section 326(3)(b), (4)(b) or (5)(b) are such requirements as the Treasury think fit.
- (2) In particular, the requirements may relate to—
  - (a) the descriptions of individuals who may enter into contracts under a scheme;
  - (b) the contributions to be paid by individuals;
  - (c) the sums to be paid or repaid to individuals.
- (3) The requirements which may be specified under any of the relevant provisions may be different from those specified under any of the other relevant provisions; and the relevant provisions are section 326(3)(b), (4)(b) and (5)(b).
- 5 (1) Where a specification has been made under section 326(3)(b), (4)(b) or (5)(b) the Treasury may—
  - (a) withdraw the specification and any certification made by reference to the specification, and
  - (b) stipulate the date on which the withdrawal is to become effective.
- (2) No withdrawal under this paragraph shall affect—
  - (a) the operation of the scheme before the stipulated date, or
  - (b) any contract entered into before that date.
- (3) No withdrawal under this paragraph shall be effective unless the Treasury—
  - (a) send a notice by post to each relevant body informing it of the withdrawal, and
  - (b) do so not less than 28 days before the stipulated date;
 and a relevant body is a society or institution authorised (whether unconditionally or subject to conditions being met) to enter into contracts under the scheme concerned.
- 6 (1) Where a specification has been made under section 326(3)(b), (4)(b) or (5)(b) the Treasury may—
  - (a) vary the specification,
  - (b) withdraw any certification made by reference to the specification obtaining before the variation, and
  - (c) stipulate the date on which the variation and withdrawal are to become effective;
 and the Treasury may at any time certify a scheme as fulfilling the requirements obtaining after the variation.
- (2) No variation and withdrawal under this paragraph shall affect—
  - (a) the operation of the scheme before the stipulated date, or

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- (b) any contract entered into before that date.
- (3) No variation and withdrawal under this paragraph shall be effective unless the Treasury—
  - (a) send a notice by post to each relevant body informing it of the variation and withdrawal, and
  - (b) do so not less than 28 days before the stipulated date;and a relevant body is a society or institution authorised (whether unconditionally or subject to conditions being met) to enter into contracts under the scheme concerned.

#### *Treasury authorisation*

- 7 (1) The Treasury may authorise a society or institution under section 326(7) or (8) as regards schemes generally or as regards a particular scheme or particular schemes.
- (2) More than one authorisation may be given to the same society or institution.
- 8 (1) Where an authorisation has been given under section 326(7) or (8) the Treasury may withdraw the authorisation and stipulate the date on which the withdrawal is to become effective; and the withdrawal shall have effect as regards any contract not entered into before the stipulated date.
- (2) No withdrawal under this paragraph shall be effective unless the Treasury—
  - (a) send a notice by post to the society or institution concerned informing it of the withdrawal, and
  - (b) do so not less than 28 days before the stipulated date.
- (3) A withdrawal of an authorisation shall not affect the Treasury's power to give another authorisation or other authorisations.
- 9 (1) Where an authorisation has been given under section 326(7) the Treasury may—
  - (a) stipulate that the authorisation is to be varied by being treated as given subject to specified conditions being met, and
  - (b) stipulate the date on which the variation is to become effective.
- (2) As regards any contract entered into on or after the stipulated date the authorisation shall be treated as having been given under section 326(8) subject to the conditions being met.
- (3) No variation under this paragraph shall be effective unless the Treasury—
  - (a) send a notice by post to the society or institution concerned informing it of the variation, and
  - (b) do so not less than 28 days before the stipulated date.
- 10 (1) Where an authorisation has been given under section 326(8) the Treasury may withdraw the conditions and stipulate the date on which the withdrawal is to become effective.
- (2) As regards any contract entered into on or after the stipulated date the authorisation shall be treated as having been given under section 326(7) without any conditions being imposed.

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- 11 (1) Where an authorisation has been given under section 326(8) the Treasury may vary the conditions and stipulate the date on which the variation is to become effective; and the variation shall have effect as regards any contract entered into on or after the stipulated date.
- (2) No variation under this paragraph shall be effective unless the Treasury—
- (a) send a notice by post to the society or institution concerned informing it of the variation, and
  - (b) do so not less than 28 days before the stipulated date.
- 12 (1) If the Treasury act as regards an authorisation under a relevant paragraph, the paragraph concerned shall have effect subject to their power to act later, as regards the same authorisation, under the same or (as the case may be) another relevant paragraph.
- (2) If the Treasury act later as mentioned in sub-paragraph (1) above that sub-paragraph shall apply again, and so on however many times they act as regards an authorisation.
- (3) If the Treasury act as regards an authorisation under a relevant paragraph the paragraph concerned shall have effect subject to their power to act later, as regards the same authorisation, under paragraph 8 above.
- (4) For the purposes of this paragraph the relevant paragraphs are paragraphs 9 to 11 above.”

**Marginal Citations**

**M5** [S.I. 1992/3218](#).

*Payments under certain contracts*

- 7 (1) Any terminal bonus, interest or other sum payable under a scheme shall not be treated as payable under a certified contractual savings scheme for the purposes of section 326 if—
- (a) the scheme is not a share option linked scheme, and
  - (b) the contract under which the sum is payable is not entered into before 1st December 1994.
- (2) Any terminal bonus, interest or other sum payable under a scheme shall not be treated as payable under a certified contractual savings scheme for the purposes of section 326 if—
- (a) the contract under which the sum is payable provides for contributions to be made by way of investment in a building society or to be made to [<sup>F1</sup>a person falling within section 840A(1)(b) of the Taxes Act 1988] or to a relevant European institution,
  - (b) the scheme is certified as mentioned in section 326(3)(b), (4)(b) or (5)(b) before the day appointed under paragraph 4(3) above, and
  - (c) the contract is not entered into before that day.
- (3) In this paragraph “share option linked scheme” and “relevant European institution” have the same meanings as in section 326.

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### Textual Amendments

**F1** Words in [Sch. 12 para. 7\(2\)\(a\)](#) substituted (1.12.2001) by [S.I. 2001/3629](#), [art. 91\(1\)\(2\)](#)

### *Transitional*

- 8 (1) The Treasury may by regulations provide that at the beginning of the day appointed under paragraph 4(3) above Treasury authorisation shall be treated as given under section 326(7) to any specified relevant body without any conditions being imposed.
- (2) The Treasury may by regulations provide that—
- (a) at the beginning of the day appointed under paragraph 4(3) above Treasury authorisation shall be treated as given under section 326(8) to any specified relevant body subject to conditions being met;
  - (b) the conditions as regards a body shall be such as are specified in, or identified by provision contained in, the regulations as regards that body.
- (3) Any authorisation treated as given as mentioned in sub-paragraph (1) or (2) above shall be treated as given as regards schemes generally; but this is subject to any provision to the contrary in the regulations.
- (4) For the purposes of this paragraph the following are relevant bodies—
- (a) any building society;
  - [<sup>F2</sup>(b) any person falling within section 840A(1)(b) of the Taxes Act 1988;]
  - (c) any relevant European institution.
- (5) In this paragraph—
- (a) “relevant European institution” has the same meaning as in section 326;
  - (b) “specified” means specified in the regulations.
- (6) Regulations under this paragraph shall be made by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

### Textual Amendments

**F2** [Sch. 12 para. 8\(4\)\(b\)](#) substituted (1.12.2001) by [S.I. 2001/3629](#), [art. 91\(3\)](#)

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