

## SCHEDULES

### SCHEDULE 37

#### BANKS

#### PART II

#### AMENDMENTS OF THE TAXES ACT 1988

##### *Provisions in which new meaning of “bank” applies*

- 2 (1) The following subsection—
- “( ) In this section “bank” has the meaning given by section 840A.”,
- shall be inserted in the Taxes Act 1988 in accordance with sub-paragraph (2) below.
- (2) The subsection shall be inserted—
- (a) in section 234A (information relating to distributions), after subsection (8), as subsection (8A);
  - (b) in section 349 (payment of interest under deduction of tax, etc.), after subsection (3), as subsection (3AA);
  - (c) in section 745 (obligation to furnish information not to apply to banks), after subsection (5), as subsection (5A);
  - (d) in section 816 (obligation to disclose certain particulars to apply to banks), after subsection (3), as subsection (3A).
- (3) In Schedule 20 to the Taxes Act 1988 (charities: qualifying investments and loans), in paragraph 7 (certain deposits with banks to be qualifying investments), after sub-paragraph (2), there shall be inserted the following sub-paragraph—
- “(3) In this paragraph “bank” has the meaning given by section 840A.”
- (4) The provisions of paragraph 10 of that Schedule shall become sub-paragraph (1) of that paragraph and after that sub-paragraph there shall be inserted the following sub-paragraph—
- “(2) In this paragraph “bank” has the meaning given by section 840A.”

##### *Related amendments*

- 3 In section 349(3) of the Taxes Act 1988—
- (a) in paragraph (a), for the words from “in the United Kingdom” to the end there shall be substituted “on an advance from a bank, if at the time when the interest is paid the person beneficially entitled to the interest is within the charge to corporation tax as respects the interest”;

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(b) in paragraph (b), for “such a bank in the ordinary course of that” there shall be substituted “a bank in the ordinary course of its”.

4 After subsection (3AA) of section 349 of the Taxes Act 1988 (inserted by paragraph 2 above) there shall be inserted the following subsection—

“(3AB) An order under section 840A(1)(d) designating an organisation as a bank for the purposes of paragraph (a) of subsection (3) above may provide that that paragraph shall apply to the organisation as if the words from “if” to the end were omitted.”

5 In Schedule 20 to the Taxes Act 1988, in paragraphs 7(1) and 10, for “an institution authorised under the Banking Act 1987” there shall in each case be substituted “a bank”.

#### *Application*

6 The amendments of the Taxes Act 1988 made by paragraphs 2 to 5 above apply as mentioned in paragraphs 7 to 10 below.

7 The amendment of section 234A applies in relation to payments made on or after the day on which this Act is passed.

8 (1) The amendment of subsection (3)(a) of section 349, and inserted subsection (3AA) of that section so far as it relates to subsection (3)(a), apply in accordance with sub-paragraphs (2) to (6) below.

(2) The amendments do not apply in relation to interest payable before the day on which this Act is passed.

(3) In the case of an institution which—

(a) immediately before the day on which this Act is passed, is treated for the purposes of section 349(3)(a) as a bank carrying on a bona fide banking business in the United Kingdom, and

(b) on that day, falls within the definition of “bank” given by section 840A(1), the amendments apply in relation to interest payable on an advance made before that day as well as in relation to interest payable on an advance made on or after that day.

(4) In the case of an institution which—

(a) immediately before the day on which this Act is passed, is not treated for the purposes of section 349(3)(a) as a bank carrying on a bona fide banking business in the United Kingdom, and

(b) on that day, falls within the definition of “bank” given by section 840A(1), the amendments apply only in relation to interest payable on an advance made on or after that day.

(5) Sub-paragraph (6) below applies in the case of an institution which—

(a) immediately before the day on which this Act is passed, is treated for the purposes of section 349(3)(a) as a bank carrying on a bona fide banking business in the United Kingdom; and

(b) on that day does not fall within the definition of “bank” given by section 840A(1).

(6) The amendments apply in relation to—

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- (a) interest payable on an advance made on or after the day on which this Act is passed; and
  - (b) interest payable on an advance made before that day, if at the time when the interest is paid the person beneficially entitled to the interest is not within the charge to corporation tax as respects the interest.
- (7) The amendment of subsection (3)(b) of section 349, and inserted subsection (3AA) of that section so far as it relates to subsection (3)(b), apply in relation to interest paid on or after the day on which this Act is passed on an advance made on or after that day.
- (8) In relation to interest paid on an advance made before the day on which this Act is passed, section 349(3)(b) shall have effect as if for the words “such a bank” there were substituted “a bank carrying on a bona fide banking business in the United Kingdom” (and section 349(3AA) shall be disregarded).
- 9       The amendments of sections 745 and 816 apply in relation to requirements imposed on or after the day on which this Act is passed.
- 10       The amendments of paragraphs 7 and 10 of Schedule 20 apply in relation to deposits made or, as the case may be, money placed on or after the day on which this Act is passed.