
STATUTORY INSTRUMENTS

1996 No. 1779

INCOME TAX

The Income Tax (Interest on Quoted Eurobonds) Regulations 1996

<i>Made</i>	- - - -	<i>5th July 1996</i>
<i>Laid before the House of Commons</i>	- - - -	<i>9th July 1996</i>
<i>Coming into force</i>	- -	<i>30th July 1996</i>

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by section 124(3) and (4) of the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Income Tax (Interest on Quoted Eurobonds) Regulations 1996 and shall come into force on 30th July 1996.

Interpretation

2. In these Regulations unless the context otherwise requires—

“appropriate person” means any person to whom, or at whose direction, interest on quoted Eurobonds is payable by the relevant payer, other than an eligible person;

“the Board” means the Commissioners of Inland Revenue;

“eligible person” means a person who—

- (a) is not resident in the United Kingdom,
- (b) is the beneficial owner of a quoted Eurobond, and
- (c) is beneficially entitled to the interest on the quoted Eurobond;

“notice” means notice in writing;

“quarter” means—

- (a) the period from 30th July 1996 to 30th September 1996;

(1) 1988 c. 1; section 124 was amended by paragraph 14 of Schedule 7, paragraph 4 of Schedule 29, paragraph 6(1) and (2)(a) of Schedule 38, and Part V(2) of Schedule 41, to the Finance Act 1996 (c. 8).

(b) any subsequent period of 3 months ending with the last day of December, March, June or September;

“quoted Eurobond” has the meaning given by subsection (6) of section 124;

“relevant payer” means the person by or through whom a payment of interest on quoted Eurobonds is made;

“section 124” means section 124 of the Income and Corporation Taxes Act 1988.

Declaration by depositary for recognised clearing system

3.—(1) Subject to regulation 7(1), subsection (1)(b) of section 124 shall be taken not to apply to a payment of interest on a quoted Eurobond made to, or at the direction of, a depositary for a recognised clearing system unless the depositary has made a declaration in writing to the relevant payer.

(2) A declaration under paragraph (1) shall be in such form as the Board may require, and shall contain the information specified in paragraph (3) and the undertaking specified in paragraph (4).

(3) The information specified is—

- (a) the full name of the recognised clearing system;
- (b) the full name of the depositary;
- (c) the address of the principal place of business of the depositary;
- (d) the full name of the relevant payer to whom the declaration is made;
- (e) a statement by the depositary that the interest payable by the relevant payer is in respect of a quoted Eurobond held in the recognised clearing system for which he acts as depositary;
- (f) a statement by the depositary that the information contained in the declaration is correct to the best of his knowledge and belief.

(4) The undertaking specified is an undertaking that the depositary will notify the relevant payer to whom the declaration is made of any payments of interest to which the declaration does not apply, or has ceased to apply.

(5) A declaration under paragraph (1) shall be signed by an officer of the depositary authorised for that purpose, stating the capacity in which he signs.

(6) A declaration under paragraph (1) shall have effect in relation to any payments of interest on quoted Eurobonds arising to a depositary that are made after the declaration is made to the relevant payer, unless and until that person—

- (a) receives a notification relating to those payments in accordance with the undertaking contained in the declaration,
- (b) receives a notice from the Board under regulation 7(2) relating to those payments, or
- (c) has reason to believe, by reference to information in his possession, that the declaration is, or has become, incorrect as respects those payments.

Declaration by eligible person or appropriate person

4.—(1) Subject to regulation 7(1), subsection (1)(b) of section 124 shall be taken not to apply to a payment of interest on a quoted Eurobond on the grounds that the condition in subsection (2)(a) of that section is satisfied, unless a declaration in writing has been made by the eligible person or by an appropriate person to the relevant payer confirming that that condition is satisfied with respect to the payment.

(2) A declaration under paragraph (1) shall not have effect in relation to a payment of interest on a quoted Eurobond if the relevant payer—

- (a) receives a notification relating to that payment in accordance with the undertaking contained in the declaration,
 - (b) receives a notice from the Board under regulation 7(2) relating to that payment, or
 - (c) has reason to believe, by reference to information in his possession, that the declaration is, or has become, incorrect as respects that payment.
- (3) A declaration under paragraph (1) shall not have effect in relation to more than one payment of interest on a quoted Eurobond.

Declaration by eligible person— additional provisions

5.—(1) A declaration by an eligible person under regulation 4 shall be in the form prescribed, or in a form authorised, by the Board, and shall contain the information specified in paragraph (2) and the undertaking specified in paragraph (3).

- (2) The information specified is—
- (a) the full name of the eligible person;
 - (b) the principal address of the eligible person, that is to say—
 - (i) where the eligible person is an individual, his principal residential address, or
 - (ii) where the eligible person is a body corporate, the address of its registered office or principal place of business;
 - (c) the full name of the relevant payer to whom the declaration is made;
 - (d) the name of the quoted Eurobond and the amount of the payment of interest;
 - (e) a statement that as an eligible person the declarant is eligible to receive interest on quoted Eurobonds with no tax deducted;
 - (f) a statement that the information contained in the declaration is correct to the best of the eligible person’s knowledge and belief.
- (3) The undertaking specified is an undertaking that the eligible person will notify the relevant payer to whom the declaration is made if the declaration does not apply, or has ceased to apply, to the payment of interest to which the declaration purports to relate.
- (4) A declaration under paragraph (1) shall be signed—
- (a) where the eligible person is an individual, by that individual,
 - (b) where the eligible person is a body corporate, by the secretary of that company or other officer of that company duly authorised for that purpose, stating the capacity in which he signs.

Declaration by appropriate person— additional provisions

6.—(1) A declaration by an appropriate person under regulation 4 shall be in the form prescribed, or in a form authorised, by the Board, and shall contain the information specified in paragraph (2) and the undertaking specified in paragraph (3).

- (2) The information specified is—
- (a) the full name of the appropriate person;
 - (b) the principal address of the appropriate person, that is to say—
 - (i) where the appropriate person is an individual, his principal residential address, or
 - (ii) where the appropriate person is a body corporate, the address of its registered office or principal place of business;
 - (c) the full name of the relevant payer to whom the declaration is made;

- (d) the name of the quoted Eurobond and the amount of the payment of interest;
 - (e) a statement that the appropriate person has no reason to believe, by reference to information in his possession, that the status of the eligible person is not as mentioned in regulation 5(2)(e);
 - (f) a statement that the information contained in the declaration is correct to the best of the appropriate person's knowledge and belief.
- (3) The undertaking specified is an undertaking that the appropriate person will notify the relevant payer to whom the declaration is made if the declaration does not apply, or has ceased to apply, to the payment of interest to which the declaration purports to relate.
- (4) A declaration by an appropriate person shall be signed—
- (a) where the appropriate person is an individual, by that individual,
 - (b) where the appropriate person is a body corporate, by the secretary of that company or other officer of that company duly authorised for that purpose, stating the capacity in which he signs.

Notices by the Board to relevant payers

7.—(1) Where the Board consider that one or both of the conditions of subsection (2) of section 124 is satisfied with respect to payments of interest on any holding of quoted Eurobonds by a relevant payer, they may by notice to the relevant payer direct that payments of interest on that holding made by the relevant payer after the expiry of the period of 30 days following the date of issue of the notice are payments to which subsection 1(b) of section 124 applies.

(2) Where the Board consider that neither of the conditions of subsection (2) of section 124 is satisfied with respect to payments of interest on any holding of quoted Eurobonds by a relevant payer, they may by notice to the relevant payer direct that payments of interest on that holding made by the relevant payer after the expiry of the period of 30 days following the date of issue of the notice are not payments to which subsection (1)(b) of section 124 applies.

(3) Where the Board issue a notice under paragraph (2), any declaration under regulation 3 or 4 which relates to any of the payments of interest referred to in the notice, whether the declaration is made before or after the date of issue of the notice, shall be of no effect.

(4) A relevant payer in respect of whom a notice is issued by the Board under paragraph (2) may, not later than 30 days after the date of issue of the notice, appeal against that notice by notice to the Board.

(5) The appeal shall be to the Special Commissioners who shall confirm the notice appealed against unless they are satisfied that the notice ought to be quashed.

Quarterly returns by relevant payers

8.—(1) Not later than 30 days after the end of a quarter, a relevant payer shall make a return to the Board, in the form provided by the Board, setting out the particulars specified in paragraph (2) and containing the declaration specified in paragraph (3).

(2) The particulars specified are the total of the payments of interest on quoted Eurobonds made by him in that quarter to which subsection (1)(b) of section 124 applied.

(3) The declaration specified is a declaration by the relevant payer that the particulars given in the return are to the best of his knowledge and belief correct and complete.

Information to be provided to the Board by relevant payers

9. The Board may by notice require any person who is or has at any time been a relevant payer, within such time (not being less than 14 days) as may be provided by the notice, to furnish them with such information (including copies of or extracts from any books, documents or other records) as they may reasonably require to satisfy themselves that that person has complied with the requirements of section 124 and these Regulations.

Inspection of records by officer of the Board

10.—(1) The Board may by notice require any person who is or has at any time been a relevant payer, within such time (not being less than 14 days) as may be provided by the notice, to make available for inspection by an officer of the Board authorised for that purpose all such books, documents and other records in his possession or under his control as they may reasonably require to satisfy themselves that that person has complied with the requirements of section 124 and these Regulations.

(2) Where a document or other record is maintained by computer, the person to whom the notice is issued shall provide the officer making the inspection with all the facilities necessary for obtaining information from that document or other record.

Keeping of records

11.—(1) A relevant payer shall, throughout the period specified in paragraph (2), maintain and retain sufficient records, other than declarations to which regulation 12 applies, to enable an officer of the Board to satisfy himself on inspection of those records that the payer has complied with the requirements of section 124 and these Regulations.

(2) The period specified is the period of six years commencing with the date of payment of interest on the quoted Eurobond to which the record concerned relates.

Keeping of declarations

12.—(1) A relevant payer shall retain, throughout the period specified in paragraph (2) and the period of two years immediately following the end of that period, any declaration made to him under regulation 3 or 4.

(2) The period specified is the period during which payments of interest on quoted Eurobonds made by the relevant payer are, by virtue of the declaration, payments to which subsection (1)(b) of section 124 applies.

Production of declarations

13.—(1) The Board may by notice require a relevant payer within such time (not being less than 14 days) as may be provided by the notice, to produce for inspection by an officer of the Board authorised for that purpose all documents in which declarations made to him under regulation 3 or 4 are contained.

(2) The officer of the Board to whom the documents referred to in paragraph (1) are produced may take copies of or extracts from those documents.

(3) In paragraph (1) the reference to a relevant payer includes a reference to a person who is no longer a relevant payer at the time when the notice under that paragraph is issued.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

5th July 1996

S C T Matheson
C W Corlett
Two of the Commissioners of Inland Revenue

EXPLANATORY NOTE

(This note is not part of the Regulations)

Subsection (1)(b) of section 124 of the Income and Corporation Taxes Act 1988 (“section 124”) provides that section 349(2) of that Act (deduction of tax on making a payment of any yearly interest of money chargeable to tax under Case III of Schedule D) shall not apply to a payment of interest on any quoted Eurobond made by or through a person who is in the United Kingdom if either of the conditions mentioned in subsection (2) of section 124 (“the relevant conditions”) is satisfied.

Subsection (2) of section 124 (substituted by paragraph 4 of Schedule 29 to the Finance Act 1996) stipulates that the relevant conditions are—

- (a) that a person who is not resident in the United Kingdom and beneficially owns the quoted Eurobond, is beneficially entitled to the interest;
- (b) that the quoted Eurobond is held in a recognised clearing system.

Subsection (3) of section 124 (substituted by paragraph 4 of Schedule 29 to the 1996 Act) provides that the Commissioners of Inland Revenue (“the Board”) may by regulations provide that subsection (1)(b) of section 124 shall be taken not to apply to a payment of interest unless the person by or through whom the payment is made (“the relevant payer”) has received a declaration confirming that one of the relevant conditions is satisfied, or the Board have issued a notice to the relevant payer stating that they consider that one or both of the relevant conditions is satisfied.

These Regulations make provision for such declarations and notices, and also provide for returns to be made and information to be furnished to the Board by relevant payers.

Regulation 1 provides for citation and commencement, and regulation 2 for interpretation.

Regulation 3 provides for a declaration to be made by a depositary for a recognised clearing system.

Regulation 4 provides for a declaration to be made by non-residents and other persons to whom, or at whose direction, interest on a quoted Eurobond is payable by the relevant payer.

Regulation 5 and 6 supplement the provisions of regulation 4 in connection with the terms of the declarations.

Regulation 7 provides for notices by the Board to the relevant payer directing that one or both of the relevant conditions is satisfied, or (as the case may be) that neither of the relevant conditions is satisfied.

Regulation 8 provides for quarterly returns to be made to the Board by a relevant payer, setting out details of payments of interest on quoted Eurobonds made by him in that quarter to which subsection (1)(b) of section 124 applied.

Regulation 9 provides for the furnishing of information to the Board by relevant payers, and regulation 10 for the inspection of records of relevant payers by an officer of the Board.

Regulation 11 provides for the keeping of records, and regulations 12 and 13 for the keeping and production of declarations, by relevant payers.