
STATUTORY INSTRUMENTS

2002 No. 455

TAXES

**The Personal Portfolio Bonds (Tax)
(Amendment) Regulations 2002**

Made - - - - 28th February 2002
*Laid before the House of
Commons* - - - - 4th March 2002
Coming into force - - 6th April 2002

The Treasury, in exercise of the powers conferred upon them by section 553C of the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

Citation, commencement and effect

1. These Regulations may be cited as the Personal Portfolio Bonds (Tax) (Amendment) Regulations 2002, shall come into force on 6th April 2002 and shall have effect as respects gains treated as arising on or after that day.

Amendment of the Personal Portfolio Bonds (Tax) Regulations 1999

2. In regulation 6 of the Personal Portfolio Bonds (Tax) Regulations 1999(2) for paragraph (7) substitute—

“(7) In section 552—

(a) in subsection (1)—

(i) in paragraph (a) the words “unless satisfied that no gain is to be treated as arising by reason of the event,” shall be omitted;

(ii) in paragraph (b), for “paragraph (a) or (b) of subsection (2)” there shall be substituted “subsection (2)”;

(b) for subsection (2) there shall be substituted—

“(2) For the purposes of this section the condition is that the amount of the gain, or the aggregate amount of the gain and any other gains connected with it, exceeds one half of the basic rate limit for the relevant year of assessment.”;

(c) in subsection (5)—

(1) 1988 c. 1. Section 553C was inserted by section 89 of the Finance Act 1998 (c. 36).

(2) S.I. 1999/1029, amended by S.I. 2001/2724.

- (i) for paragraph (b) there shall be substituted—
 - “(b) the nature of the chargeable event and the date on which it is treated as having happened;”;
 - (ii) paragraph (c) shall be omitted;
 - (iii) for paragraph (d) there shall be substituted—
 - “(d) the amount of the gain treated as arising in accordance with regulations 5(2) and 6(1) of the Personal Portfolio Bonds (Tax) Regulations 1999;”;
 - (iv) in paragraph (f)(ii) the words “, except in a case where paragraph (c) above applies,” shall be omitted;
 - (d) for subsection (6) there shall be substituted—
 - “(6) For the purposes of subsection (1)(a) above, the relevant three month period is the period of three months beginning with the time given by regulation 5(3), (4) and (4A) of the Personal Portfolio Bonds (Tax) Regulations 1999(3).”;
 - (e) for subsection (7) there shall be substituted—
 - “(7) For the purposes of subsection (1)(b) above, the relevant three month period is whichever of the following periods ends later—
 - (a) the period of three months following the end of the year of assessment or, where the policy holder is a company, the financial year, in which the event happened; or
 - (b) if a certificate under subsection (1)(b) would not be required in respect of the event apart from the happening of another event, and that other event is a death or an assignment, the period of three months beginning with receipt of written notification of the death or the assignment.”;
 - (f) for subsection (9) there shall be substituted—
 - “(9) For the purposes of this section, the year of assessment or financial year to which a gain is attributable is the year in which the gain, treated as arising under regulations 5(2) and 6(1) of the Personal Portfolio Bonds (Tax) Regulations 1999, is treated as arising in accordance with regulation 5(3), (4) and (4A) of those Regulations.”;
 - (g) in subsection (10)—
 - (i) for the definition of “appropriate policy holder” there shall be substituted—
 - ““appropriate policy holder” means the person who is the policy holder immediately before the happening of the event;”;
 - (ii) the definition of “section 546 excess” shall be omitted; and
 - (h) each of the references to a chargeable event shall be taken to include a reference to the chargeable event treated as occurring by reason of paragraph (1).
- (7A) In section 552ZA(4) subsection (3) shall be omitted.”.

(3) Paragraph (4A) was inserted by regulation 3 of S.I. 2001/2724.

(4) Section 552 is restructured, and section 552ZA inserted, by Part 2 of Schedule 28 to the Finance Act 2001 (c. 9).

28th February 2002

Tony McNulty
Anne McGuire
Two of the Lords Commissioners of Her
Majesty's Treasury

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

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Personal Portfolio Bonds (Tax) Regulations 1999 (S.I.1999/1029) in consequence of the restructuring of section 552 of the Income and Corporation Taxes Act 1988 (c. 1) by paragraph 18 of Schedule 28 to the Finance Act 2001 (c. 9). The material contained in section 552 as originally enacted has been split into two sections, a substituted section 552 and a new section 552ZA.

Regulation 1 provides for the citation, commencement and effect of the Regulations. Regulation 2 amends regulation 6 of the 1999 Regulations. It substitutes a new paragraph (7), which reflects the restructuring of section 552. The effect of paragraph (7) as substituted is to apply the provisions of the substituted section 552, to the extent they are relevant, to the chargeable event which is treated as arising under regulation 6(1) of the 1999 Regulations. Regulation 2 also inserts a new paragraph (7A) into regulation 6, providing a modification of section 552ZA in the application of that section to the gain treated as arising under regulation 6(1).

A regulatory impact assessment has been prepared in respect of these Regulations. A copy has been placed in the library of each House of Parliament and may be found on the Inland Revenue website (www.inlandrevenue.gov.uk) or obtained from Revenue Policy, Business Tax, Room 5W5, 5th Floor, 22 Kingsway, London WC2B 6NR.