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DRAFT STATUTORY INSTRUMENTS

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**2015 No.**

**The Taxation of Regulatory Capital  
Securities (Amendment) Regulations 2015**

**Transitional provisions**

**3.—(1)** This regulation applies for the purposes of corporation tax in relation to the first accounting period beginning on or after 1st January 2016 in respect of a security specified in paragraph (2)—

- (a) issued before that period, and
- (b) to which Part 5 of CTA 2009 applied in the accounting period immediately preceding that period.

(2) A specified security is—

- (a) an item listed in point (a)(iii) or (b) of Article 69 of the Commission Delegated Regulation (EU) 2015/35 (“the CDR”) which is a Tier 1 item under—
  - (i) Article 69 of the CDR, or
  - (ii) rule 4.1 in the Annex to the PRA Rulebook: Solvency II Firms: Transitional Measures Instrument 2015 (“the Transitional Instrument”), or
- (b) an item listed in point (a)(iii) or (b) of Article 72 of the CDR which is a Tier 2 item under—
  - (i) Article 72 of the CDR, or
  - (ii) rule 4.2 in the Annex to the Transitional Instrument.

(3) In this regulation—

- (a) the accounting period immediately preceding the first accounting period beginning on or after 1 January 2016 is referred to as “the earlier period”, and
- (b) an accounting period beginning on or after 1st January 2016 is referred to as “the later period”.

(4) Where amounts in respect of the security are brought into account differently in the earlier period and the later period as a result of the application of regulation 3(2)(b) of the principal Regulations (disapplication of fair value accounting), a credit or debit (as the case may be) must be brought into account for the purposes of Part 5 of CTA 2009 in the later period in the same way as a credit or debit which is brought into account in determining the company’s profit or loss for that period in accordance with generally accepted accounting practice.

(5) The amount of the credit or debit to be brought into account is such amount as is just and reasonable in the circumstances and with regard to whether as a result of the principal Regulations any amounts cease to be brought into account or are brought into account more than once.

(6) Before calculating any credit or debit required by this regulation—

- (a) the overall transitional adjustment required by paragraphs 108 and 109 of Schedule 7 to the F(No 2)A 2015 is to be calculated and applied, and

- (b) where section 316, 318, 614 or 615 of CTA 2009 (adjustments on change of accounting basis)(1) applies in relation to the later period, any credit or debit required by those sections is to be calculated first.

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(1) Section 316 was substituted and section 318 was amended by paragraphs 10 and 12 respectively of Schedule 7 to the Finance (No 2) Act 2015.