

SCHEDULES

SCHEDULE 19

THE BANK LEVY

PART 4

CHARGEABLE EQUITY AND LIABILITIES

Chargeable equity and liabilities of a foreign banking group

- 17 (1) This paragraph applies if the relevant group is a foreign banking group.
- (2) The amount of the chargeable equity and liabilities of the relevant group is the sum of all type A, type B, type C and type D equity and liabilities.
- (3) Type A equity and liabilities are the chargeable equity and liabilities of any relevant UK sub-group.
- (4) “UK sub-group” means a group of entities—
- (a) which is a group for the purposes of those provisions of international accounting standards or UK GAAP which relate to the preparation of consolidated financial statements,
 - (b) which has as its parent or parent undertaking for the purposes of those provisions an entity which is a UK resident entity, and
 - (c) the members of which for the purposes of those provisions are all members of the relevant group.
- (5) A UK sub-group is “relevant” if—
- (a) consolidated financial statements for the chargeable period are prepared for it under international accounting standards or UK GAAP, and
 - (b) its members are not members of any larger UK sub-group for which such financial statements are prepared.
- (6) To determine the amount of the chargeable equity and liabilities of a relevant UK sub-group—
- (a) determine the amount of the sub-group’s equity and liabilities (other than excluded equity and liabilities) as at the end of the chargeable period,
 - (b) adjust that amount in accordance with paragraphs 18 and 44 (so far as applicable), and
 - (c) finally, reduce that amount (but not below nil) by—
 - (i) the amount of the sub-group’s high quality liquid assets as at the end of that period, other than any asset which for the purposes of an adjustment under paragraph (b) is an asset to which paragraph 18(12) applies, and

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- (ii) where sub-paragraph (8) applies, the amount determined under that sub-paragraph.
- (7) Sub-paragraph (8) applies where—
 - (a) as at the end of the chargeable period, the assets of the relevant UK sub-group include a financial asset in respect of an advance of cash made by a member of that sub-group,
 - (b) that financial asset is not an asset which, for the purposes of an adjustment under sub-paragraph (6)(b), is an asset to which paragraph 18(12) applies, and
 - (c) underlying that asset, as collateral, is an item (“the collateral”) owned by that member which would form part of the sub-group’s high quality liquid assets as at the end of that period were the collateral, rather than the financial asset, an asset of the sub-group.
- (8) The amount within sub-paragraph (6)(c)(ii) is—
 - (a) the amount of the financial asset as at the end of that period or, if lower, an amount equal to the fair value of the collateral as at that time, or
 - (b) if this sub-paragraph applies in relation to more than one financial asset, the total of the amounts determined under paragraph (a) in respect of each of those assets.
- (9) For the purposes of this paragraph and paragraph 18, the assets, equity and liabilities of a relevant UK sub-group are to be determined by reference to the amounts recognised in its consolidated financial statements for the chargeable period.
- (10) Type B equity and liabilities are the chargeable equity and liabilities of any UK resident entity which—
 - (a) is a member of the relevant group, but
 - (b) is not a member of a relevant UK sub-group.
- (11) Type C equity and liabilities are the chargeable equity and liabilities of any non-UK resident entity which—
 - (a) is a member of the relevant group, and
 - (b) is a member of a UK sub-group but is not a member of a relevant UK sub-group.
- (12) To determine the amount of the chargeable equity and liabilities of an entity covered by sub-paragraph (10) or (11)—
 - (a) determine the amount of the entity’s equity and liabilities (other than excluded equity and liabilities) as at the end of the chargeable period,
 - (b) adjust that amount in accordance with paragraphs 18 and 44 (so far as applicable), and
 - (c) finally, reduce that amount (but not below nil) by—
 - (i) the amount of the entity’s high quality liquid assets as at the end of that period, other than any asset which for the purposes of an adjustment under paragraph (b) is an asset to which paragraph 18(12) applies, and
 - (ii) where sub-paragraph (14) applies, the amount determined under that sub-paragraph.
- (13) Sub-paragraph (14) applies where—

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- (a) as at the end of the chargeable period, the assets of the entity include a financial asset in respect of an advance of cash made by the entity,
 - (b) that financial asset is not an asset which, for the purposes of an adjustment under sub-paragraph (12)(b), is an asset to which paragraph 18(12) applies, and
 - (c) underlying that asset, as collateral, is an item (“the collateral”) owned by that entity which would form part of the entity’s high quality liquid assets as at the end of that period were the collateral, rather than the financial asset, an asset of the entity.
- (14) The amount within sub-paragraph (12)(c)(ii) is—
- (a) the amount of the financial asset as at the end of the chargeable period or, if lower, an amount equal to the fair value of the collateral as at that time, or
 - (b) if this sub-paragraph applies in relation to more than one financial asset, the total of the amounts determined under paragraph (a) in respect of each of those assets.
- (15) For the purposes of this paragraph and paragraph 18 the assets, equity and liabilities of an entity covered by sub-paragraph (10) or (11) are to be determined by reference to—
- (a) the amounts recognised in the entity’s financial statements for the chargeable period as prepared under international accounting standards or UK GAAP, or
 - (b) if no such financial statements are prepared, the amounts which would have been so recognised had such financial statements been prepared—
 - (i) under international accounting standards, or
 - (ii) under UK GAAP if that is what the entity prepares its financial statements under.
- (16) In reducing the amount of any equity or liabilities under sub-paragraph (6)(c) or (12)(c), long term equity and liabilities are to be reduced before short term liabilities.
- (17) Type D equity and liabilities are the UK allocated equity and liabilities (see paragraph 24) as at the end of the chargeable period of any relevant foreign bank which—
- (a) is a member of the relevant group, but
 - (b) is not a member of a UK sub-group.
- (18) If—
- (a) the amount of the equity and liabilities, as at the end of the chargeable period, of a relevant UK sub-group or an entity covered by sub-paragraph (10) or (11), or
 - (b) the amount of the UK allocated equity and liabilities, as at the end of that period, of a relevant foreign bank covered by sub-paragraph (17),
- is less than £50,000,000, the equity and liabilities, or UK allocated equity and liabilities, may be ignored for the purposes of this paragraph and paragraph 18.
- (19) But the total amount of equity and liabilities which may be ignored under sub-paragraph (18) may not exceed £200,000,000.