

Status: Point in time view as at 01/01/2014.

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SCHEDULES

SCHEDULE 19

THE BANK LEVY

PART 3

GROUPS COVERED BY THE BANK LEVY

*Definitions of “UK banking group”, “building society group”,
“foreign banking group” and “relevant non-banking group”*

- 8 The relevant group is a “UK banking group” if—
- (a) the group is a banking group (see paragraph 12), and
 - (b) the parent entity is a UK resident entity.
- 9 The relevant group is a “building society group” if the parent entity is a building society.
- 10 The relevant group is a “foreign banking group” if—
- (a) the group is a banking group (see paragraph 12), and
 - (b) the parent entity is a non-UK resident entity.
- 11 The relevant group is a “relevant non-banking group” if—
- (a) the members of the group include at least one UK resident bank or relevant foreign bank, and
 - (b) the group is neither a banking group nor a building society group.

Definition of “banking group”

- 12 (1) The relevant group is a “banking group” if—
- (a) condition A, B, C or D is met, and
 - (b) the exempt activities condition is not met (see paragraph 13).
- (2) Condition A is that the parent entity is a UK resident bank (see paragraph 80) or a relevant foreign bank (see paragraph 78).
- (3) Condition B is that—
- (a) the parent entity is an investment entity, and
 - (b) the members of the relevant group include at least one UK resident bank to which sub-paragraph (6) applies or relevant foreign bank to which that sub-paragraph applies.
- (4) Condition C is that—
- (a) the parent entity is a non-UK resident entity to which sub-paragraph (8) applies, and

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- (b) the members of the relevant group include at least one UK resident bank or relevant foreign bank.
- (5) Condition D is that—
- (a) the parent entity is an investment entity,
 - (b) the members of the relevant group include at least one non-UK resident entity to which both sub-paragraphs (6) and (8) apply, and
 - (c) those members also include at least one UK resident bank or relevant foreign bank.
- (6) This sub-paragraph applies to an entity (“E”) if, for the purposes of the applicable accounting provisions, E is not a subsidiary of any other entity apart from investment entities.
- (7) “The applicable accounting provisions ” means—
- (a) the provisions mentioned in paragraph 4(3), or
 - (b) if the members of the relevant group are determined under paragraph 4(7), the provisions of US GAAP mentioned in paragraph 4(6)(a)(iii).
- (8) This sub-paragraph applies to an entity (“F”) if—
- (a) F would be a UK resident bank if—
 - (i) F were a UK resident entity,
 - (ii) it carried on its activities in the United Kingdom,
 - (iii) where it would be required to be an authorised person for the purposes of FISMA 2000 in order to carry on those activities in the United Kingdom, it were an authorised person with permission to carry on those activities, and
 - (iv) where those activities consist wholly or mainly of any of the relevant^[F1]regulated] activities described in the provisions mentioned in paragraph 79(b) to (f), as a result of carrying on those activities and having such permission it would be a BIPRU 730k firm and ^[F2]an IFPRU 730k firm and a full scope IFPRU investment firm,], or
 - (b) F is a member of a partnership which is a non-UK resident entity and F would be a UK resident bank if—
 - (i) both F and the partnership were UK resident entities,
 - (ii) the partnership carried on its activities in the United Kingdom,
 - (iii) where the partnership would be required to be an authorised person for the purposes of FISMA 2000 in order to carry on those activities in the United Kingdom, the partnership were an authorised person with permission to carry on those activities, and
 - (iv) where those activities consist wholly or mainly of any of the relevant ^[F3]regulated] activities described in the provisions mentioned in paragraph 79(b) to (f), as a result of carrying on those activities and having such permission the partnership would be ^[F4]an IFPRU 730k firm and a full scope IFPRU investment firm].
- (9) “Investment entity”—
- (a) means an entity the business of which consists wholly or mainly of, and the principal part of the income of which is derived from, the making of investments, and

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(b) also includes any savings bank or other bank for savings.

Textual Amendments

- F1** Word in Sch. 19 para. 12(8)(a)(iv) inserted (1.1.2014 retrospective) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 20\(2\)\(a\)\(i\)\(8\)](#)
- F2** Words in Sch. 19 para. 12(8)(a)(iv) substituted (1.1.2014 retrospective) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 20\(2\)\(a\)\(ii\)\(8\)](#)
- F3** Word in Sch. 19 para. 12(8)(b)(iv) inserted (1.1.2014 retrospective) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 20\(2\)\(b\)\(i\)\(8\)](#)
- F4** Words in Sch. 19 para. 12(8)(b)(iv) substituted (1.1.2014 retrospective) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 20\(2\)\(b\)\(ii\)\(8\)](#)

- 13 (1) The exempt activities condition is met for the purposes of paragraph 12(1)(b) if—
- (a) at least 90% of the trading income of the relevant group for the chargeable period derives from exempt activities, or
 - (b) at least 50% of the trading income of the relevant group for the chargeable period derives from non-financial trading activities.
- (2) For this purpose, the trading income of the relevant group for the chargeable period—
- (a) consists of the items mentioned in sub-paragraph (3), and
 - (b) is to be determined by reference to—
 - (i) the amounts recognised in the group's consolidated financial statements for the chargeable period as prepared under the applicable accounting standards, or
 - (ii) if no such financial statements are prepared, the amounts which would have been so recognised had consolidated financial statements for the group been prepared for the chargeable period under international accounting standards.
- (3) The items referred to in sub-paragraph (2)(a) are—
- (a) the group's gross income for the chargeable period arising from its activities (other than net-basis activities) without taking account of any deductions (whether for expenses or otherwise), and
 - (b) the group's net income for the chargeable period arising from its net-basis activities.
- (4) In this paragraph—
- “ activities ” includes buying, holding, managing and selling assets;
 - “ the applicable accounting standards ” means—
 - (a) international accounting standards, or
 - (b) US GAAP if the members of the relevant group are determined under paragraph 4(7);
 - “ dealing on own account ” has the same meaning as in Directive [2004/39/EC](#) of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments (see Article 4(1)(6));
 - “ deposit ” has the meaning given by article 5(2) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) but ignoring the exclusions in articles 6 to 9AB;
 - “ exempt activities ” means—

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- (a) insurance activities, asset management activities and related activities, and
- (b) non-financial trading activities;
 - “ financial trading entity ” means an entity which—
 - (a) is an authorised person for the purposes of FISMA 2000 (see section 31 of that Act),
 - (b) is not UK resident, but if it were and it carried on its activities in the United Kingdom, would be required to be an authorised person, or
 - (c) is not within paragraph (a) or (b) but carries on a trade consisting wholly or partly in dealing in securities;
 - “ insurance activities ” means—
 - (a) the effecting or carrying out of contracts of insurance by a regulated insurer, and
 - (b) investment business that arises directly from activities falling within paragraph (a);
 - “ lending activities ” means—
 - (a) acceptance of deposits or other repayable funds,
 - (b) lending of money, including consumer credit, mortgage credit, factoring (with or without recourse) and financing of commercial transactions (including forfeiting),
 - (c) finance leasing (as lessor),
 - (d) issuing and administering means of payment,
 - (e) provision of guarantees or commitments to provide money,
 - (f) money transmission services,
 - (g) provision of alternative finance arrangements, and
 - (h) other activities carried on in connection with activities falling within any of paragraphs (a) to (g);
 - “ net-basis activities ” means activities normally reported on a net basis in consolidated financial statements prepared under the applicable accounting standards;
 - “ non-financial trading activities ” means activities carried on by an entity which is not a financial trading entity, other than—
 - (a) lending activities, and
 - (b) dealing on own account, with the exception of any hedging transactions in relation to activities which (disregarding this exception) are non-financial trading activities;
 - “ regulated insurer ”, in relation to the relevant group, means a member of the group which—
 - (a) is authorised under the law of any territory to carry on insurance business, or
 - (b) is a member of a body or organisation which is so authorised;
 - “ related activities ” means—
 - (a) activities which are ancillary to insurance activities or asset management activities of any entity which is a member of the relevant group (whether or not the entity carrying on the insurance activities or asset management activities), and
 - (b) activities which would not be carried on but for such insurance activities or asset management activities being carried on,

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but does not include dealing on own account;

“ securities ” includes—

- (a) shares,
- (b) rights of unit holders in unit trust schemes to which TCGA 1992 applies as a result of section 99 of that Act, and
- (c) in the case of a company with no share capital, interests in the company possessed by members of the company.

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