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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations consolidate the Personal Equity Plan Regulations 1986 (as amended by the Personal Equity Plan (Amendment) Regulations 1987, the Personal Equity Plan (Amendment) Regulations 1988 and the Personal Equity Plan (Amendment No. 2) Regulations 1988) (“the 1986 Regulations”) with amendments and have effect from 6th April 1989. The principal amendments of the scheme under the 1986 Regulations are the abolition of the cash investment limit, together with the requirement that interest on amounts deposited with a building society or a deposit taker be paid gross, and the abolition of the minimum holding period and consequently the concept of the mature portfolio.

These Regulations also amend the scheme under the 1986 Regulations by providing for an increase in the annual amount of the cash subscription, for shares allotted in pursuance of a public offer to be subscribed to a plan, for changing from a calendar year to a tax year basis, for switching plan investments from shares into authorised unit trusts and investment trusts and for a reduction in the amount of information to be supplied by a plan manager to a plan investor. Interest on plan investments is no longer payable gross but continues to qualify for relief from income tax at the higher rate, so long as it is reinvested. Tax credits are payable in respect of dividends from plan investments whether or not they are reinvested. Transitional arrangements are provided in respect of plans and plan investors under the 1986 Regulations.

On and after 6th April 1990, the Regulations provide a new rule that an authorised unit trust or an investment trust in which plan investments are held must itself have at least 75 per cent. in value of its investments in shares of companies incorporated in the United Kingdom which are quoted shares or shares dealt in on the Unlisted Securities Market.

Regulation 1 provides for the title to and commencement of the Regulations.

Regulation 2 provides definitions.

Regulation 3 gives a general introduction.

Regulation 4 sets out general conditions for plans and subscriptions to plans.

Regulation 5 provides general rules for investment in plans.

Regulation 6 specifies permitted kinds of investment.

Regulation 7 specifies the description of individuals who may be plan investors.

Regulation 8 provides for consequences when certain individuals become disqualified.

Regulation 9 provides conditions for individual applications.

Regulation 10 provides for relaxation of the provisions of regulations 4 and 7 in respect of rights issues.

Regulation 11 provides for approval of plan managers by the Board.

Regulation 12 provides for the withdrawal of that approval in certain circumstances.

Regulation 13 provides for an appeal against such a withdrawal.

Regulation 14 requires a person to notify the Board and investors when ceasing to be a plan manager.

Regulation 15 provides circumstances in which a person shall cease to qualify as a plan manager.

Regulation 16 provides for transfers of plans from one to another plan manager.

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

Regulation 17 sets out the tax exemptions for plan investors.

Regulation 18 provides that the plan manager shall act on behalf of the plan investor in respect of tax reliefs and liabilities under the plan.

Regulations 19, 20 and 21 provide for claims for relief and for returns.

Regulation 22 makes provision for the withdrawal of relief and the recovery of tax.

Regulation 23 provides for the keeping of plan records.

Regulation 24 provides for information and for a certificate of tax deducted to be given by plan managers to investors.

Regulations 25 and 26 empower the Board to obtain information and to inspect records.

Regulation 27 adapts statutory capital gains tax provisions in relation to plans.

Regulation 28 makes supplementary provisions for tax administration in relation to plans.

Regulation 29 contains transitional arrangements for plans and plan investors under the 1986 Regulations.