
STATUTORY INSTRUMENTS

1993 No. 756

INCOME TAX

The Personal Equity Plan (Amendment) Regulations 1993

<i>Made</i>	- - - -	<i>16th March 1993</i>
<i>Laid before the House of Commons</i>	- - - -	<i>16th March 1993</i>
<i>Coming into force</i>	- -	<i>6th April 1993</i>

The Treasury, in exercise of the powers conferred upon them by section 333 of the Income and Corporation Taxes Act 1988(1) and section 151 of the Taxation of Chargeable Gains Act 1992(2), hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Personal Equity Plan (Amendment) Regulations 1993 and shall come into force on 6th April 1993.

Interpretation

2. In these Regulations “the principal Regulations” means the Personal Equity Plan Regulations 1989(3) and “regulation” means a regulation of those Regulations.

Amendments to the principal Regulations

3. In regulation 2(1)(b)(4)—

- (a) in the definition of “authorised unit trust” for the words “an authorised securities scheme” there shall be substituted the words “a securities fund”;
- (b) for the definition of “authorised securities scheme” there shall be substituted—
““feeder fund” means a pension scheme under the rules of which the investments subject to the trusts of the scheme must be invested in units in a single unit trust scheme or in shares in a single investment trust;”
- (c) in the definition of “fund of funds” for the words “authorised securities schemes” there shall be substituted “securities funds”;

(1) 1988 c. 1; section 333 was amended by section 70 of the Finance Act 1991 (c. 31).
(2) 1992 c. 12.
(3) S.I.1989/469, amended by S.I. 1990/678, 1991/733, 2774, and 1992/623.
(4) Amended by S.I. 1990/678.

(d) after the definition of “fund of funds” there shall be inserted—

““securities fund” means a unit trust scheme the sole object of which is to enable participants to participate in or receive profits or income arising from the acquisition, holding, management or disposal of transferable securities or sums paid out of such profits or income being a scheme which is not a warrant fund, a feeder fund or a fund of funds;

“transferable securities” means any of the investments specified in paragraphs 1 to 6 of Schedule 1 to the Financial Services Act 1986⁽⁵⁾ except where—

(a) the investment in question cannot be transferred or can be transferred only with the consent of a third party, disregarding any consent which may be required in the case of a security issued by a body corporate on the part of the body corporate itself, its members or the holders of any debenture issued by the body corporate, or

(b) the liability of any holder of the investment to contribute to the debts of the person who issued it is not limited to the amount for the time being unpaid in respect of it by the holder;”

(e) after the definition of “unit trust scheme” there shall be inserted—

““warrant fund” means a unit trust scheme the rules of which permit the investments subject to the trusts of the scheme to consist wholly of warrants;”.

4. In regulation 4(6) after sub-paragraph (e) there shall be inserted—

“(ea) that the plan manager shall satisfy himself that any person to whom he delegates any of his functions or responsibilities under the terms agreed with the plan investor is competent to carry out those functions or responsibilities;”.

5. In regulation 5(5)—

(a) in sub-paragraph (a) before the word “condition” there shall be inserted the word “relevant”;

(b) in sub-paragraph (b) before the word “condition” there shall be inserted the word “relevant”.

6.—(1) In regulation 6(2)(a) for the words “quoted in the official list of a recognised stock exchange in the United Kingdom” there shall be substituted “officially listed on a recognised stock exchange in a member State”.

(2) For regulation 6(2)(b)(6) there shall be substituted—

“(b) units in an authorised unit trust or a fund of funds or shares in an investment trust which, except in the circumstances described in paragraph (4), satisfy the relevant condition specified in paragraph (3);”

(3) For regulation 6(2A)(b)(ii)(7) there shall be substituted—

“(ii) does not derive the principal part of its income from holdings of shares in other companies where each such holding represents 10 per cent. or less of the voting power in the company in which the shares are held.”

(4) For regulation 6(3)(8) and (4)(9) there shall be substituted—

“(3) The conditions specified in this paragraph are that—

(5) 1986 c. 60.

(6) Substituted by S.I. 1992/623.

(7) Inserted by S.I. 1991/2774.

(8) Amended by S.I. 1991/2774 and 1992/623.

(9) Substituted by S.I. 1992/623.

- (a) in the case of a unit trust scheme which is an authorised unit trust, at least 50 per cent. in value of the investments subject to the trusts of the scheme are—
 - (i) ordinary shares (not being shares in an investment trust) issued by companies which are incorporated in the United Kingdom or qualifying EC shares, or
 - (ii) shares in an investment trust where at least 50 per cent. in value of the investments held by that trust are such ordinary shares or qualifying EC shares;
- (b) in the case of a unit trust scheme which is a fund of funds, at least 50 per cent. in value of the investments subject to the trusts of the unit trust schemes, the units in which are subject to the trusts of the scheme, are ordinary shares (not being shares in an investment trust) issued by companies which are incorporated in the United Kingdom or qualifying EC shares;
- (c) in the case of an investment trust, at least 50 per cent. in value of the investments held by that trust are—
 - (i) ordinary shares (not being shares in an investment trust) issued by companies which are incorporated in the United Kingdom or qualifying EC shares, or
 - (ii) units in an authorised unit trust where at least 50 per cent. in value of the investments subject to the trusts of the scheme are such ordinary shares or qualifying EC shares, or
 - (iii) shares in an investment trust where at least 50 per cent. in value of the investments held by that trust are such ordinary shares or qualifying EC shares.

(4) The circumstances described in this paragraph are where—

- (a) the total amount of the cash subscription to the plan invested in authorised unit trusts, funds of funds and investment trusts which do not satisfy the relevant condition specified in paragraph (3), but satisfy that relevant condition as modified for the purposes of this paragraph by paragraph (5), and
- (b) any sum payable on such an application as is referred to in regulation 4(2A)(a)(10) for the allotment or allocation of shares in an investment trust,

do not together in any year exceed one quarter of the subscription limit.

(5) Paragraph (3) shall be modified for the purposes of paragraph (4) by substituting the words “other qualifying shares” for the words “qualifying EC shares” wherever they occur.

(6) In paragraph (3) as modified by paragraph (5) “other qualifying shares” means shares in a company wherever incorporated which are officially listed on a recognised stock exchange, where those shares satisfy the conditions specified in paragraph (2A)(a) and the company which issued the shares satisfies the condition specified in paragraph (2A)(b).”

7. In regulation 6A(1)(11) for the words “the condition specified in regulation 6(3)(b)” there shall be substituted the words “the relevant condition specified in regulation 6(3)”.

8. In regulation 9(12)—

- (a) in paragraph (1) after the words “in any year” there shall be inserted the words “for which arrangements to which regulation 10 applies are not in force, and in the year following a year in which that individual has not subscribed to the plan.”;

(10) Substituted by S.I. 1990/678 and amended by S.I. 1992/623.

(11) Inserted by S.I. 1990/678 and amended by S.I. 1991/733.

(12) Amended by S.I. 1992/623.

- (b) in paragraph (4)—
 - (i) for sub-paragraph (b) there shall be substituted—
 - “(b) the address of his permanent residence, including postcode,”
 - (ii) in sub-paragraph (c) at the beginning there shall be inserted the words “if he has one,” and
 - (iii) for sub-paragraph (d) there shall be substituted—
 - “(d) his date of birth.”

9. After regulation 9, there shall be inserted—

“Conditions for application to subscribe to a continuing plan

10.—(1) Where, at the time when an individual first applies to subscribe to a plan, he enters into arrangements to subscribe in that year and—

- (a) in the next year, or
- (b) in the next year and in each of a specified number of years successively after that year, or
- (c) in the next year and in each successive year after that year until the arrangements are terminated,

regulation 9 shall apply with the modifications specified in this regulation.

(2) Paragraph (1) of that regulation shall apply as if the reference to subscribing in any year for which arrangements referred to in this regulation are not in force, and in the year following a year in which the individual has not subscribed to the plan, were a reference to subscribing in the years for which such arrangements are to continue.

(3) Paragraph (2) of that regulation shall apply as if the reference to the year for which the applicant is to subscribe were a reference to the years for which he is to subscribe.

(4) Paragraph (3)(b) of that regulation shall apply as if the reference to the year to which paragraph (2) refers were a reference to the years to which that paragraph refers.”

10. For regulation 16(13) there shall be substituted—

“Transfer of plans to other plan managers

16.—(1) Subject to paragraph (2), where—

- (a) arrangements are made by a plan investor to transfer a plan from one plan manager (“the transferor”) to another plan manager (“the transferee”), or
- (b) a plan is transferred in consequence of the transferor ceasing to act or to qualify as a plan manager,

the transfer shall have effect and the plan shall not otherwise be affected for the purpose of these Regulations by reason of the transfer.

(2) The transferor shall within 60 days after the date of the transfer give the transferee a notice containing the information specified in paragraph (3) and the declaration specified in paragraph (4).

(3) The information specified in this paragraph is—

- (a) as regards the plan investor—
 - (i) his full name,

- (ii) the address of his permanent residence, including postcode,
 - (iii) his date of birth, and
 - (iv) if he has one, his national insurance number, and
- (b) as regards the plan—
- (i) whether the plan is a general plan or a single company plan,
 - (ii) the date of the transfer,
 - (iii) the total amount of cash subscribed to the plan during the period from the beginning of the year in which the transfer takes place to the date of the transfer,
 - (iv) the total amount of any sums paid on such an application as is referred to in regulation 4(2A)(a), and on such an allotment or allocation as is referred to in regulation 4(2A)(b), during the period from the beginning of the year in which the transfer takes place to the date of the transfer,
 - (v) in the case of any plan investments which, during the period from the beginning of the year in which the transfer of the plan takes place to the date of the transfer, were transferred to, or the rights to which were renounced to, the transferor or a nominee for the transferor in accordance with regulation 4A(2), and which are being transferred to the transferee or a nominee for the transferee by virtue of the transfer of the plan, the market value of those plan investments at the date of acquisition by the transferor,
 - (vi) the amount of any dividends on plan investments which are payable to, but have not been received by, the transferor at the date of the transfer,
 - (vii) the total amount of interest paid or credited in respect of a cash deposit which is a plan investment and has not been itself invested at the date of the transfer,
 - (viii) the total amount of such interest which has been paid by the transferor to or at the direction of the plan investor or otherwise applied for his benefit from the beginning of the year in which the transfer takes place to the date of the transfer.
- (4) The declaration specified in this paragraph is a declaration by the transferor that—
- (a) he has fulfilled all his obligations to plan investors, to the Board or otherwise, which are imposed by these Regulations;
 - (b) he has transferred to the transferee or a nominee for the transferee any plan investments which are being transferred by virtue of the transfer of the plan and that, where registration of any such transfer is required, he has taken the necessary steps to ensure that the plan investments can be registered in the name of the transferee or the nominee;
 - (c) that the information contained in the notice is correct.”

11. At the end of regulation 19 there shall be added—

“(5) At the time of making an interim claim the plan manager shall provide the Board with a statement signed by him or on his behalf showing separately in relation to all general plans and all single company plans in respect of which he was acting as plan manager at the end of the month for which the claim is made—

- (a) the total number of plan investors who had subscribed to such plans since the beginning of the year;
- (b) the aggregate of—

- (i) the total amount of cash subscribed, and
- (ii) the total of any sums paid on such an application as is referred to in regulation 4(2A)(a), and on such an allotment or allocation as is referred to in regulation 4(2A)(b), and
- (iii) the aggregate market value at the date of transfer of any shares transferred to the plan manager or his nominee in accordance with regulation 4A(2), in relation to such plans in the period since the beginning of the year;
- (c) the number of plan investors in relation to whose plans the aggregate of the amounts referred to in sub-paragraphs (i), (ii) and (iii) of paragraph (b) is equal to the subscription limit for the kind of plan concerned.”

12. In regulation 24 for paragraph (1) there shall be substituted—

“(1) Where arrangements of a kind referred to in regulation 10 are in force, a plan manager shall give notice to the plan investor in each year following the year in which those arrangements were first entered into that the plan investor may not subscribe to any other general plan, or as the case may be any other single company plan, in that year.”

13. After regulation 24 there shall be inserted—

“Return of information by plan manager

24A.—(1) A plan manager shall within three months after the end of each year (beginning with the year 1993–94) in which he acts as a plan manager, and after ceasing to act or to qualify as a plan manager, deliver to the Board a return for that year, or the part of that year in which he so acted or qualified, signed by him or on his behalf (or, where the return is made on magnetic tape, accompanied by a certificate signed by him or on his behalf as to the contents of the tape) which contains the information specified in paragraphs (2) and (3).

(2) The information specified in this paragraph is information relating to each plan in respect of which he acted as plan manager in the year or the part of the year for which the return is made as to—

- (a) as regards the plan investor—
 - (i) his full name,
 - (ii) the address of his permanent residence, including postcode,
 - (iii) his date of birth, and
 - (iv) if he has one, his national insurance number;
- (b) as regards all such plans—
 - (i) the number allocated to the plan by the plan manager,
 - (ii) whether the plan is a general plan or a single company plan,
 - (iii) the total amount of cash subscribed to the plan in the year or the part of the year for which the return is made,
 - (iv) the total of any sums paid on such an application as is referred to in regulation 4(2A)(a), and on such an allotment or allocation as is referred to in regulation 4(2A)(b), in the year or the part of the year for which the return is made,
 - (v) the aggregate market value at the date of transfer of any shares transferred to the plan manager or his nominee in accordance with regulation 4A(2) in the year or the part of the year for which the return is made;

- (c) as regards plans which closed in the year or the part of the year for which the return is made—
 - (i) the date on which the plan closed, and
 - (ii) which of the sub-paragraphs of paragraph (4) describes the reason that it closed.
- (3) The information specified in this paragraph is—
 - (a) the respective market values at the end of the year or the part of the year for which the return is made of plan investments held by him or a nominee for him on behalf of plan investors under all the plans in respect of which he acted as plan manager, and which had not closed, in that year or part consisting of—
 - (i) ordinary shares and qualifying EC shares,
 - (ii) units in authorised unit trusts and funds of funds,
 - (iii) shares in investment trusts, and
 - (iv) cash; and
 - (b) the aggregate market value at that date of all such plan investments held by him or his nominee.
- (4) For the purposes of this regulation a plan closes when—
 - (a) the plan investor dies or requires the plan investments (including any cash held under the plan) to be transferred to him or his nominee; or
 - (b) the plan is transferred to another plan manager; or
 - (c) the plan manager has notified the plan investor under regulation 4(6)(g) that the plan has become void.
- (5) No claim for repayment may be made under regulation 19 for the month ending 5th July or any subsequent month until the return due under this regulation for the preceding year has been duly made by the plan manager and received by the Board.”

16th March 1993

Tim Wood
Nicholas Baker
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, which come into force on 6th April 1993, further amend the Personal Equity Plan Regulations 1989 (“the principal Regulations”). The principal changes are to the definition of “authorised unit trust”, to the rules which enable a plan investor to hold units in unit trust schemes and funds of funds, and shares in investment trusts, which do not satisfy the requirement that 50 per cent. of their holdings should be in ordinary shares and qualifying EC shares, to the rules about application forms when arrangements are made to subscribe on an annual basis, and to the information which must be given to the transferee plan manager when a plan is transferred from one plan manager to another.

The Regulations also introduce requirements for plan managers to submit monthly statistical returns when making interim claims for repayment of tax and to make annual information returns.

Regulation 1 provides for citation and commencement.

Regulation 2 contains definitions.

Regulation 3 amends definitions and inserts new definitions in the principal Regulations.

Regulation 4 amends the general conditions for plans.

Regulation 5 amends the general investment rules.

Regulation 6 amends the specification of the kinds of investments that can be held under a general plan.

Regulation 7 makes a consequential amendment to the exception for non-qualifying investments held on 5th April 1990.

Regulation 8 amends the conditions for application to subscribe to a plan.

Regulation 9 introduces a new regulation 10 of the principal Regulations setting out the conditions for application to subscribe to a continuing plan.

Regulation 10 substitutes a new regulation 16 for regulation 16 of the principal Regulations specifying the information to be given when a plan is transferred to another plan manager.

Regulation 11 amends the provisions relating to interim claims for repayments in respect of tax to plan managers.

Regulation 12 amends the requirements for information to be given to plan investors by plan managers.

Regulation 13 inserts a new regulation 24A in the principal Regulations requiring returns of information by plan managers.