
STATUTORY INSTRUMENTS

1995 No. 3036

INCOME TAX

**The Manufactured Payments and Transfer
of Securities (Tax Relief) Regulations 1995**

Made - - - - 28th November 1995
*Laid before the House of
Commons* - - - - 28th November 1995
Coming into force - - 2nd January 1996

The Treasury, in exercise of the powers conferred on them by sections 730A(7) and 737D(1) of the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Manufactured Payments and Transfer of Securities (Tax Relief) Regulations 1995 and shall come into force on 2nd January 1996.

(2) These Regulations have effect in relation to—

- (a) any manufactured payment made on or after 2nd January 1996, and
- (b) any payment of interest deemed to be made on or after that date under an agreement to sell securities entered into on or after 1st May 1995.

Interpretation

2. In these Regulations—

“manufactured payment” has the meaning given by section 737D(2) of the Taxes Act;

“the Taxes Act” means the Income and Corporation Taxes Act 1988(2).

Tax relief for manufactured payments

3.—(1) Any manufactured payment made to a person for the benefit of —

- (a) a scheme referred to in section 592(2) or 643(2) of the Taxes Act, or
- (b) any fund referred to in section 608(2)(a), 613(4), 614(2), (3) or (4) or 620(6) of that Act,

(1) 1988 c. 1; section 730A was inserted by section 80(1) of the Finance Act 1995 (c. 4), and section 737D was inserted by section 83(1) of that Act.

(2) 1988 c. 1.

shall be treated as comprised in income of that person that is eligible for relief from tax by virtue of that section.

(2) Any manufactured payment made to an insurance company shall be treated, to the extent of so much of the payment as is referable to the company's pension business, as comprised in income of that company that is eligible for relief from tax by virtue of section 438 of the Taxes Act⁽³⁾.

Tax relief for deemed payments of interest

4.—(1) Where, pursuant to section 730A(2) of the Taxes Act (treatment of price differential on sale and repurchase of securities), a payment of interest is deemed to be made to a person in circumstances where, if it were actually made, it would be received by that person for the benefit of—

- (a) a scheme specified in section 592(2) or 643(2) of the Taxes Act, or
- (b) any fund referred to in section 608(2)(a), 613(4), 614(2), (3) or (4) or 620(6) of that Act,

the amount of the payment shall be treated as comprised in income that is eligible for relief from tax by virtue of that section.

(2) Where, pursuant to section 730A(2) of the Taxes Act, a payment of interest is deemed to be made to an insurance company, it shall be treated, to the extent of so much of the deemed payment as is referable to the company's pension business, as comprised in income that is eligible for relief from tax by virtue of section 438 of the Taxes Act.

Derek Conway

Simon Burns

Two of the Lords Commissioners of Her Majesty's Treasury

28th November 1995

(3) Section 438 was amended by section 45(9) of the Finance Act 1990 (c. 29), paragraph 14(21) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12), paragraph 6 of Schedule 16 to the Finance Act 1994 (c. 9), and paragraph 4 of Schedule 8 to the Finance Act 1995.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide that payments of manufactured dividends, manufactured interest and manufactured overseas dividends (“manufactured payments”) made to certain pension schemes and pension funds shall be exempt from income tax, and that manufactured payments made to insurance companies carrying on pension business shall be exempt from corporation tax to the extent that the payment is referable to the pension business of the company.

The Regulations also make similar provision in relation to amounts which are deemed to be payments of interest under section 730A(2) of the Income and Corporation Taxes Act 1988 (treatment of price differential on sale and repurchase of securities), in cases where the deemed payments are made to the pension schemes, pension funds and insurance companies referred to above.