
STATUTORY INSTRUMENTS

1995 No. 3221

INCOME TAX

**The Income Tax (Manufactured Interest)
(Amendment) Regulations 1995**

Made - - - - *6th December 1995*
Laid before the House of
Commons - - - - *11th December 1995*
Coming into force - - *2nd January 1996*

The Treasury, in exercise of the powers conferred on them by paragraphs 1(2)(b) and 8 of Schedule 23A to the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Income Tax (Manufactured Interest) (Amendment) Regulations 1995 and shall come into force on 2nd January 1996.

Interpretation

2. In these Regulations “the principal Regulations” means the Income Tax (Manufactured Interest) Regulations 1992(2) and “regulation” means a regulation of those Regulations.

Amendments to the principal Regulations

3. In regulation 2—

(a) after the definition of “approved manufactured payment” there shall be inserted the following definition —

““gilt-edged securities” has the meaning given by section 51A(7) of the Taxes Act(3);”;

(b) for the definition of “unapproved manufactured payment” there shall be substituted the following definition —

(1) Schedule 23A was inserted by paragraph 1 of Schedule 13 to the Finance Act 1991 (c. 31), and paragraph 1(1) of Schedule 23A (definition of “approved stock lending arrangement”) was amended by paragraph 14(61) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12).
(2) S.I. 1992/2074.
(3) Section 51A was inserted by section 77 of the Finance Act 1995 (c. 4).

“unapproved manufactured payment” in relation to manufactured interest has the meaning given by paragraph 1(1) of Schedule 23A (as amended by regulation 2A);”.

4. After regulation 2 there shall be inserted the following regulation—

“Definition of unapproved manufactured payment

2A.—(1) The definition of “unapproved manufactured payment” in paragraph 1(1) of Schedule 23A shall be amended as follows.

(2) In paragraph (b) of the definition after the words “United Kingdom securities” where they first occur there shall be inserted the words “other than gilt-edged securities within the meaning given by section 51A(7) or in respect of”.

5. Paragraph (a) of regulation 3 shall be omitted.

6. Part II of the principal Regulations (comprising regulation 5) shall be omitted.

7. In regulation 6(c) after the words “approved manufactured payment” there shall be added the words “in respect of United Kingdom securities other than gilt-edged securities”.

8. In regulation 8 for the words from “made” to “regulation 5” there shall be substituted the words “of an amount representative of interest on gilt-edged securities”.

Derek Conway

Bowen Wells

Two of the Lords Commissioners of Her
Majesty’s Treasury

6th December 1995

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 82(2) of the Finance Act 1995 inserts in Schedule 23A to the Income and Corporation Taxes Act 1988 (“Schedule 23A”) a new paragraph (“3A”) which provides that, with effect from a day to be appointed by the Treasury, manufactured interest on gilt-edged securities shall be paid without deduction of tax. The appointed day is 2nd January 1996 (S.I. 1995/2933 (C.63)).

These Regulations, which come into force on 2nd January 1996, make various amendments to the Income Tax (Manufactured Interest) Regulations 1992 (S.I. 1992/2074) (“the principal Regulations”) in anticipation of the gross payment of manufactured gilt interest from that date.

Regulation 1 provides for citation and commencement, and regulation 2 contains definitions.

Regulation 3 amends regulation 2 of the principal Regulations by providing a definition of “gilt-edged securities” and amending the definition of “unapproved manufactured payment” in the light of the amendment made by regulation 4 of these Regulations.

Regulation 4 inserts a new regulation 2A in the principal Regulations which amends the definition of “unapproved manufactured payment” in paragraph 1(1) of Schedule 23A so as to omit manufactured gilt interest.

Regulations 5 and 6 omit regulations 3(a) and 5 respectively of the principal regulations which provide for the gross payment of certain manufactured interest. In practice the provision made by these two regulations had been applied only in relation to manufactured gilt interest, so that with effect from 2nd January 1996 the provision is no longer needed.

Regulation 7 amends the definition of “qualifying person” in regulation 6 of the principal Regulations so as to exclude from the scope of section 21 of the Taxes Management Act 1970 (information powers in respect of transactions of brokers and market makers) companies for whom approved manufactured payments of gilt interest are the only approved manufactured payments that they can make.

Regulation 8 amends regulation 8 of the principal Regulations in consequence of the omission of regulation 5 of the principal Regulations.