
STATUTORY INSTRUMENTS

1999 No. 1029

The Personal Portfolio Bonds (Tax) Regulations 1999

Policies or contracts issued or made before 17th March 1998 which are the subject of special exclusions from being personal portfolio bonds

- 3.—(1) A policy or contract is not a personal portfolio bond if it is a policy or contract—
- (a) which, in the case of a policy, was issued in respect of an insurance made before 17th March 1998 and, in the case of a contract, was made before 17th March 1998,
 - (b) whose terms are not varied on or after 16th July 1998 so as to increase the benefits secured or to extend the term of the policy or contract (any exercise of rights conferred by the policy or contract being regarded for this purpose as a variation), and
 - (c) which is a policy or contract to which either paragraph (2) or paragraph (3) applies.
- (2) This paragraph applies to a policy or contract under whose terms the benefits have at no time during its existence been capable of being determined either in whole or in part by reference to any index other than those referred to in regulation 4(7), or to any property other than—
- (a) shares or securities listed on a recognised stock exchange,
 - (b) shares or securities of a company which are dealt in on the Unlisted Securities Market or the Alternative Investment Market, and which satisfy the conditions specified in paragraph (4), and
 - (c) property described in regulation 4(3) and (4).
- (3) This paragraph applies to a policy or contract—
- (a) under whose terms the benefits were at some time during its existence capable of being determined either in whole or in part by reference to property other than that referred to in paragraph (2)(a), (b) and (c), or by reference to an index other than those referred to in regulation 4(7), but at no time during its existence have been so determined, and
 - (b) whose terms are varied before the end of the first year, in relation to that policy or contract, which commences on or after 6th April 1999, subject to paragraph (5), so that the only property that may be selected as mentioned in regulation 4(1) consists of property referred to in paragraph (2)(a), (b) and (c), and the only index that may be so selected consists of an index referred to in regulation 4(7).
- (4) The conditions specified in this paragraph are that—
- (a) any holding of shares or securities of a company, by reference to which any benefits under the policy or contract are or have been capable of being determined during any period, does not at any time during that period exceed 10 per cent. of the issued share capital of the company concerned; and
 - (b) the amount invested in any shares or securities of a single company to which this condition applies does not at any time exceed 10 per cent. of the premium paid in respect of the policy or contract (and “amount invested” includes the market value at the date of transfer of any property other than cash transferred to the insurance company in satisfaction of any premium).
- (5) In a case where—

(a) the policy holder was not resident in the United Kingdom on 17th March 1998, and
(b) after that date, the policy holder is at any time resident in the United Kingdom,
paragraph (3)(b) shall apply with the modification that, for the year mentioned in that sub-paragraph, there is substituted a reference to whichever is the later of that year, and the first year, in relation to that policy or contract, which commences after the time mentioned in sub-paragraph (b) of this paragraph or, where there is more than one such time, the earliest such time.

(6) Any reference in paragraphs (2) and (3) to the period of existence of a policy or contract, or to a period in paragraph (4), or to a time during either such period, shall be construed ignoring any such period of time before 6th April 1994, but shall include any other such period or time (whether before or after the coming into force of these Regulations).

(7) Any reference in paragraphs (2)(a) and (b) and (4) to shares or securities, or to a holding of shares or securities, includes a reference to any option, warrant or other right to acquire shares or securities.