

**2000 No. 3158**

**INCOME TAX**

**The Controlled Foreign Companies (Designer Rate Tax Provisions) Regulations 2000**

<i>Made</i> - - - -	<i>29th November 2000</i>
<i>Laid before the House of Commons</i>	<i>29th November 2000</i>
<i>Coming into force</i>	<i>20th December 2000</i>

The Commissioners of Inland Revenue, in exercise of the powers conferred upon them by section 750A(2) to (4) of the Income and Corporation Taxes Act 1988(a), hereby make the following Regulations:

**Citation, commencement and effect**

1.—(1) These Regulations may be cited as the Controlled Foreign Companies (Designer Rate Tax Provisions) Regulations 2000 and shall come into force on 20th December 2000.

(2) These Regulations have effect in relation to any accounting period of a company resident outside the United Kingdom which begins on or after 6th October 1999.

**Interpretation**

2. In these Regulations “the Board” means the Commissioners of Inland Revenue.

**Specified designer rate tax provisions**

3. For the purposes of section 750A(1) of the Income and Corporation Taxes Act 1988 (deemed lower level of taxation: designer rate tax provisions) the following provisions are specified, being provisions which appear to the Board to be designed to enable companies to exercise significant control over the amount of tax which they pay—

(a) the provisions contained in Part XVIIIA (international bodies) of the Income Tax (Guernsey) Law, 1975(b);

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(a) 1988 c. 1; section 750A was inserted by paragraph 3 of Schedule 31 to the Finance Act 2000 (c. 17).

(b) Ordres en Conseil Vol. xxv, p.124. Part XVIIIA was inserted by the Income Tax (International Bodies) (Guernsey) Law, 1995.

- (b) Article 123B (international business companies) of the Income Tax (Jersey) Law 1961(a);
- (c) the provisions contained in Part 1 (International Companies) of the Isle of Man International Business Act 1994(b), and the provisions contained in Part 3 (Miscellaneous and Supplemental) of that Act so far as relating to Part 1 of that Act;
- (d) section 41 (rates for qualifying companies) of the Gibraltar Income Tax Ordinance(c).

*Ann Chant  
Dave Hartnett*

29th November 2000

Two of the Commissioners of Inland Revenue

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## EXPLANATORY NOTE

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

Section 750A of the Income and Corporation Taxes Act 1988 (inserted by paragraph 3 of Schedule 31 to the Finance Act 2000) (“section 750A” and “the 1988 Act” respectively) provides that, where in any accounting period—

- a company is resident in a particular territory outside the United Kingdom for the purposes of Chapter IV of Part XVII of the 1988 Act (controlled foreign companies),
- the local tax of the territory concerned in respect of the profits of the company in that accounting period is equal to or greater than three-quarters of the corresponding United Kingdom tax on those profits, and
- that local tax is determined under designer rate tax provisions,

the company shall be taken for the purposes of that Chapter to be subject to a lower level of taxation in that territory in that accounting period than the corresponding United Kingdom level of taxation.

Section 750A defines designer rate tax provisions as meaning provisions which—

- appear to the Board of Inland Revenue to be designed to enable companies to exercise significant control over the amount of tax which they pay, and
- are specified in regulations made by the Board.

These Regulations specify for the purposes of section 750A provisions contained in the tax legislation of Guernsey, Jersey, the Isle of Man and Gibraltar.

The Regulations have effect in relation to any accounting period of a company resident outside the United Kingdom which begins on or after 6th October 1999. Authority for the retrospective effect of the Regulations is conferred by subsection (4) of section 750A.

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- (a) Volume 1988–1989, page 384, and Volume 1994–1995, page 224. Article 123B was inserted by Finance (Jersey) Law 1995 and amended by Finance (No. 2) (Jersey) Law 1995 and Article 9 Finance (Jersey) Law 1998.
  - (b) 1994 c. 3, amended by the Isle of Man International Business (Amendment) Act 1994 (c. 4).
  - (c) Section 41 was amended by section 3 of the Income Tax (Amendment) Ordinance, 1994, section 2 of the Income Tax (Amendment) Ordinance, 1996, and section 2 of the Income Tax (Amendment) Ordinance, 1999.

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