
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the categories of property in the table in section 520(2) of the Income Tax (Trading and Other Income) Act 2005 (“ITTOIA 2005”) in relation to personal portfolio bonds. Categories 3 and 7 are amended and new Categories 8 and 9 are added.

The effect of the amendment to Category 3 is to expand it to include the overseas equivalent of an investment trust (see section 1158 of the Corporation Tax Act 2010 (c. 4)). The effect of the amendment to Category 7 is to remove the sub-category for an interest in a collective investment scheme constituted by a company which is resident outside the United Kingdom (other than an open-ended investment company) (see section 235 and 236 of the Financial Services and Markets Act 2000 (c. 8)). Category 8 concerns shares in a UK REIT (see section 518(4) of the Corporation Tax Act 2010) or an overseas equivalent. Category 9 concerns an interest in an authorised contractual scheme (see section 261D of the Financial Services and Markets Act 2000). Subject to the other conditions in Chapter 9 of Part 4 of ITTOIA 2005 being met, an insurance policy or contract to which Chapter 9 applies, which permits selection of the categories of property set out in the table in section 520(2), is not treated as a personal portfolio bond.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.