
STATUTORY INSTRUMENTS

2007 No. [efgh]

INCOME TAX

CAPITAL GAINS TAX

**The Sale and Repurchase of Securities (Modification of
Enactments) Regulations 2007**

Made - - - - [day] [month] 2007

Laid before the House of Commons [day] [month] 2007

Coming into force - - 1st October 2007

The Treasury make the following Regulations in exercise of the powers conferred by sections 612, 613 and 614 of the Income Tax Act 2007^(a) and sections 263F, 263G and 263H of the Taxation of Chargeable Gains Act 1992^(b).

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Sale and Repurchase of Securities (Modification of Enactments) Regulations 2007, shall come into force on 1st October 2007, and shall have effect in relation to arrangements entered into on or after that day.

(2) In these Regulations—

“ITA 2007” means the Income Tax Act 2007;

“non-standard repo case” has the meaning given by section 612(2) of ITA 2007;

“redemption arrangements” has the meaning given by section 613(2) of ITA 2007;

“TCGA 1992” means the Taxation of Chargeable Gains Act 1992.

Non-standard repo cases: substitution of securities

2.—(1) This regulation applies in a non-standard repo case where—

(a) condition B is met in relation to the repo (see section 612(4) of ITA 2007), and

(b) securities (“the substituted securities”) are substituted for other securities.

(2) Sections 601 to 610 of ITA 2007 (repos) and section 263A of TCGA 1992^(c) (agreements for sale and repurchase of securities) apply as if any references in any of those sections to “securities or similar securities” (however expressed) included a reference to the substituted securities.

(a) 2007 c. 3.

(b) 1992 c. 12; sections 263F, 263G and 263H were respectively inserted by paragraphs 336, 337 and 338 of Schedule 1 to the Income Tax Act 2007.

(c) Section 263A was inserted by section 80(4) of the Finance Act 1995 (c. 4) and amended by paragraph 12 of Schedule 14 to the Finance Act 2007 (c. 11).

Redemption arrangements: modifications of enactments relating to income tax

3.—(1) In a case involving redemption arrangements sections 601 to 610 of ITA 2007 apply with the modifications specified in paragraph (2).

(2) Sections 601 to 610 apply as if any references in any of those sections to the repurchase of the securities (however expressed) included a reference to an arrangement under which the borrower has the right or obligation to receive an amount equivalent to the proceeds of redemption of the securities.

Redemption arrangements: modifications of enactments relating to capital gains tax

4.—(1) In a case involving redemption arrangements, section 263A of TCGA 1992 applies with the following modifications.

(2) Subsection (1A)(a) applies as if it provided that the interim holder shall be treated for the purposes of capital gains tax as acquiring the securities—

- (a) on the occasion of the redemption of the securities, and
- (b) for an amount equivalent to the proceeds of redemption.

(3) Subsection (1B) applies as if it provided that the original owner shall be treated for the purposes of capital gains tax as disposing of the securities—

- (a) on the occasion of the redemption of the securities, and
- (b) for an amount equivalent to the proceeds of redemption.

[day] [month] 2007 [abc]
[def]
Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

[To follow.]

(a) Subsections (1A) and (1B) of section 263A were inserted by paragraph 12(3) of Schedule 14 to the Finance Act 2007.