
STATUTORY INSTRUMENTS

2017 No. 1182

**INCOME TAX
CAPITAL GAINS TAX
CORPORATION TAX**

**The Personal Portfolio Bonds (Amendment of Property
Categories in Section 520 of the Income Tax (Trading
and Other Income) Act 2005) Regulations 2017**

Made - - - - *30th November 2017*
Laid before the House of
Commons - - - - *1st December 2017*
Coming into force - - *1st January 2018*

The Treasury make the following Regulations in exercise of the powers conferred by section 520(5) of the Income Tax (Trading and Other Income) Act 2005(1).

Citation and commencement

1. These Regulations may be cited as the Personal Portfolio Bonds (Amendment of Property Categories in Section 520 of the Income Tax (Trading and Other Income) Act 2005) Regulations 2017 and come into force on 1st January 2018.

Amendments to section 520 of the Income Tax (Trading and Other Income) Act 2005

2.—(1) Section 520(2) of the Income Tax (Trading and Other Income) Act 2005 is amended as follows.

(2) In the table in subsection (2)—

- (a) in the entry relating to Category 3, in the second column, at the end insert “or an overseas equivalent”,
- (b) in the entry relating to Category 7, in the second column, omit paragraph (a), and
- (c) at the end insert—

(1) 2005 c. 5; section 520(5) was inserted by section 10 of the Finance (No. 2) Act 2017 (c. 32).

(2) Section 520 was amended by paragraph 534 of Schedule 1 to the Income Tax Act 2007 (c. 3), paragraph 469 of Schedule 1 to the Corporation Tax Act 2010 (c. 4), section 10 of the Finance (No. 2) Act 2017 and S.I. 2013/636.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

“Category 8	shares in a UK REIT or an overseas equivalent
Category 9	an interest in an authorised contractual scheme”

(3) In subsection (4), at the appropriate places insert—

““authorised contractual scheme” means a contractual scheme (within the meaning given by section 235A(1) of FISMA 2000) which is authorised for the purposes of FISMA 2000 by an authorisation order in force under section 261D(1) of that Act,”⁽³⁾,

““overseas equivalent”, in relation to an investment trust or a UK REIT, means a company—

- (a) which is resident in a territory outside the United Kingdom in accordance with the law of that territory relating to taxation, and
- (b) which is, under the law of that territory, the equivalent of an investment trust or a UK REIT (respectively),”

““UK REIT” has the same meaning as in Part 12 of CTA 2010 (see section 518(4)).”⁽⁴⁾.

Mark Spencer
Andrew Griffiths
Two of the Lords Commissioners of Her
Majesty’s Treasury

30th November 2017

(3) FISMA 2000 is defined by Part 1 of Schedule 4 to the Income Tax (Trading and Other Income) Act 2005 as meaning the Financial Services and Markets Act 2000 (c. 8). Section 235A was inserted by S.I. 2013/1388 and section 261D was inserted by S.I. 2014/1388 and amended by S.I. 2013/1773.

(4) CTA 2010 is defined as the Corporation Tax Act 2010 by Part 1 of Schedule 4 to the Income Tax (Trading and Other Income) Act 2005, as amended by paragraph 472 of Part 2 of Schedule 1 to the Corporation Tax Act 2010 (c. 4).

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>.