

2019 No. ***

CAPITAL GAINS TAX

CORPORATION TAX

INCOME TAX

STAMP DUTY

STAMP DUTY RESERVE TAX

**The Taxation of Hybrid Capital Instruments (Amendment of
Section 475C of the Corporation Tax Act 2009) Regulations
2019**

<i>Made</i>	- - - -	***
<i>Laid before the House of Commons</i>		***
<i>Coming into force</i>	- -	***

The Treasury, in exercise of the powers conferred by paragraph 19 of Schedule 20 to the Finance Act 2019(a), make the following Regulations.

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Taxation of Hybrid Capital Instruments (Amendment of Section 475C of the Corporation Tax Act 2009) Regulations 2019 and come into force on ***.

(2) The amendments made by regulation 2 have effect—

- (a) for the purposes of corporation tax, in relation to accounting periods beginning on or after 1st January 2019;
- (b) for the purposes of income tax, in relation to payments made on or after 1st January 2019;
- (c) for the purposes of capital gains tax, in relation to disposals made on or after 1st January 2019;
- (d) for the purposes of stamp duty, in relation to instruments executed on or after 12th February 2019;
- (e) for the purposes of stamp duty reserve tax—

- (i) in the case of agreements to transfer securities which are not conditional, in relation to agreements made on or after 12th February 2019; and
- (ii) in the case of agreements to transfer securities which are conditional, in relation to agreements where the condition is satisfied on or after 12th February 2019.

(3) An accounting period beginning before and ending on or after 1st January 2019 is to be treated for the purposes of paragraph (2)(a) as if so much of the period as falls before that date, and so much of the period as falls on or after that date, were separate accounting periods.

Amendment of the Corporation Tax Act 2009

2. In section 475C(5) of the Corporation Tax Act 2009(a) (hybrid capital instruments: meaning of “conversion event”)—

- (a) in paragraph (b), for “the debtor’s quoted parent company” substitute “a company (“C”) which, after the conversion, has control of the debtor or would have control of the debtor if C were taken to have all the rights and interests in the debtor of any company connected with C”, and
- (b) omit the sentence following that paragraph.

[Name]

[Name]

[Date]

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend section 475C of the Corporation Tax Act 2009 to ensure that the rules relating to hybrid capital instruments, introduced in Schedule 20 to the Finance Act 2019, work as intended. Specifically, these amendments ensure that where a takeover or change of control has taken place a conversion into shares of the new parent company will be a “conversion event” for the purposes of section 475C.

These Regulations have effect from 1st January 2019, save in relation to stamp duty and stamp duty reserve tax for which they take effect from 12th February 2019. Paragraph 19(5) of Schedule 20 to the Finance Act 2019 enables these provisions to have retrospective effect.

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>.

(a) 2009 c. 4. Section 475C was inserted by section 89 of, and Schedule 20 to the Finance Act 2019 (c. 1).