

2020 No. 0000

BANK LEVY

The Bank Levy (Loss Absorbing Instruments) Regulations 2020

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

The Treasury make the following Regulations in exercise of the powers conferred by paragraphs, 15V(4)(b), 15W(4)(b), 15W(7) and 15Y(2) of Schedule 19 to the Finance Act 2011(a).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Bank Levy (Loss Absorbing Instruments) Regulations 2020 and come into force on [***] 2020.

(2) These regulations have effect in relation to chargeable periods ending on or after 1st January 2021.

Interpretation

2. In these Regulations—

“relevant requirement” means—

(a) a requirement imposed by the Bank of England—

(i) by a direction given under section 3A of the Banking Act 2009(b), and

(ii) for the purpose of complying with the duties set out in Part 9 of the Bank Recovery and Resolution (No. 2) Order 2014(c),

(b) in relation to requirements imposed by an authority in exercise of its regulatory functions under the law of a country or territory outside of the United Kingdom, a requirement imposed under a comparable scheme for a comparable purpose within that country or territory, and

“Schedule 19” means Schedule 19 to the Finance Act 2011.

Loss absorbing instruments issued by overseas subsidiaries

3.—(1) A loss absorbing or recapitalisation requirement that meets the condition set out in paragraph (2) is specified for the purposes of paragraph 15V(4)(b) of Schedule 19.

(a) 2011 c. 4. Amendments have been made to Schedule 19 by S.I. 2013/636 and Schedule 16 to the Finance Act 2014 (c. 26). Paragraphs 15V to 15Y were inserted into Schedule 19 of Finance Act 2011 by paragraph 2 of Schedule 9 of Finance Act 2018 (c. 3) with effect for chargeable periods ending on or after 1st January 2021 so do not yet have effect.

(b) 2009 c. 1. Section 3A was inserted by article 6 of S.I. 2014/3329 and amended by article 5 of S.I. 2016/1239.

(c) S.I. 2014/3348.

(2) The requirement must be a relevant requirement.

4.—(1) The condition in paragraph (2) is specified for the purposes of paragraph 15W(4)(b) of Schedule 19.

(2) The instrument must be held by a UK resident entity for the purpose of satisfying a relevant requirement imposed on a member of the relevant group^(a).

5.—(1) The condition in paragraph (2) is specified for the purposes of paragraph 15W(7) of Schedule 19.

(2) The liabilities were issued for the purpose of satisfying a relevant requirement imposed on a member of the relevant group.

	<i>Name</i>
	<i>Name</i>
Date	Two of the Lords Commissioners for Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide for conditions to be met in respect of loss absorbing instruments issued by overseas subsidiaries of UK resident entities in order that those instruments can be deducted from equities and liabilities otherwise chargeable to the bank levy.

Regulation 1 provides for citation, commencement and effect. These Regulations have effect in relation to chargeable periods ending on or after 1st January 2021. Regulation 2 provides for interpretation and defines the relevant requirements.

Regulations 3 and 4 provide that in respect of a loss absorbing instrument the overseas subsidiary must have issued the instrument, and the UK resident entity must hold that instrument, for the purpose of satisfying a relevant requirement. Regulation 5 provides that the liabilities issued by a UK resident entity in respect of that instrument must also have been issued for the purpose of satisfying a relevant requirement.

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) “Relevant group” is defined in paragraph 4(1) of Schedule 19.