STATUTORY INSTRUMENTS

2015 No. 2002

INCOME TAX

The Qualifying Private Placement Regulations 2015

Made - - - -	*9th December 2015*
Laid before the House of Commons - - - -	*10th December 2015*
Coming into force - -	*1st January 2016*

The Treasury make the following Regulations in exercise of the powers conferred by section 888A of the Income Tax Act 2007(**1**).

Citation and commencement

1. These Regulations may be cited as the Qualifying Private Placement Regulations 2015 and come into force on 1st January 2016.

Interpretation

2.—(1) In these Regulations—

"ITA 2007" means the Income Tax Act 2007;

"cancelled certificate" has the meaning given by regulation 7(7);

"creditor" means, in respect of a payment of interest on a relevant security, the person who is beneficially entitled to that interest;

"creditor certificate" has the meaning given by regulation 5(1);

"notification" means a notification in writing;

"relevant debtor" means the company which stands in the position of debtor in relation to a relevant security;

"relevant security" means a security or a loan relationship entered into before, on or after the date on which these Regulations come into force;

"scheme" includes any scheme, arrangements or understanding of any kind whatever, whether or not legally enforceable, involving a single transaction or two or more transactions;

(**1**) 2007 c. 3. Section 888A was inserted by section 23 of the Finance Act 2015 (c. 11).

"tax advantage scheme" means a scheme the main purpose, or one of the main purposes, of which is to obtain a tax advantage within the meaning given by section 1139 of CTA 2010(**2**), other than a negligible tax advantage;

"withdrawn certificate" has the meaning given by regulation 6(4).

(2) Reference in these Regulations to a relevant security being entered into includes a relevant security being issued.

Relevant securities which are qualifying private placements

3.—(1) A relevant security which meets the debtor and listing conditions is a qualifying private placement if—

(a) the conditions specified in regulation 4 are met;

(b) subject to paragraph (2), the relevant debtor holds a creditor certificate for each creditor;

(c) the relevant security was entered into by the relevant debtor for genuine commercial reasons, and not as part of a tax advantage scheme; and

(d) the relevant debtor reasonably believes that the relevant debtor is not a connected person in respect of each creditor.

(2) Paragraph (1)(b) does not include a creditor certificate which is a cancelled or a withdrawn certificate.

(3) In this regulation—

(a) "connected person" is to be determined in accordance with section 993 of ITA 2007 but any rights that a person has as a loan creditor are to be disregarded for the purposes of section 450(3)(d) of CTA 2010(**3**); and

(b) "the debtor and listing conditions" are the conditions specified in paragraphs (a) and (b) of section 888A(2) of ITA 2007.

Conditions in relation to relevant securities

4.—(1) Conditions A and B are specified in relation to the relevant security.

(2) Condition A is that the term of the relevant security does not exceed 50 years.

(3) Condition B is that—

(a) at the time the relevant security was entered into, it had a minimum value of £10 million; or

(b) where the relevant security had a lower value at the time it was entered into but it was comprised in a single placement with other relevant securities to the same debtor, the placement had a minimum value of £10 million.

Creditor certificates

5.—(1) A "creditor certificate" means a written statement in which a confirmation is made by or on behalf of the creditor that conditions A and B are met in respect of the creditor.

(2) Condition A is that the creditor is a resident of a qualifying territory.

(3) Condition B is that the creditor is beneficially entitled to the interest on the relevant security for genuine commercial reasons, and not as part of a tax advantage scheme.

(4) For the purposes of condition A—

(**2**) 2010 c. 4. Section 1139 was amended by paragraph 48 of Schedule 19 to the Finance Act 2011 (c. 11) and paragraph 40 of Schedule 20 to the Finance Act 2012 (c. 14).

(**3**) By section 994 of ITA 2007, in section 993 "control" is to be read in accordance with sections 450 and 451 of CTA 2010.