Finance Act, 2008

Section 134 - Retained funding bonds: tender by commissioners

1) Section 939 of ITA 2007 (duty to retain bonds where issue treated as payment of interest) is amended as follows. (2) After subsection (4) insert- "(4A) If bonds are tendered in accordance with subsection (4), the Commissioners for Her Majesty's Revenue and Customs may tender the bonds in satisfaction of any amount that is payable by the Commissioners to the relevant creditor in connection with the relevant debt. (4B) For the purposes of subsection (4A)- (a) "relevant creditor" and "relevant debt" mean the creditor and the debt mentioned in subsection (1)(a), and (b) a bond is to be taken to have the same value that it had at the time of its issue. (4C) If bonds that are to be tendered in accordance with subsection (4) or (4A) are subject to restrictions on their tender or transfer, the restrictions do not prevent the bonds from being- (a) tendered in accordance with that subsection, or (b) transferred from the person tendering them to the person to whom they are tendered." (3) Omit subsection (5). (4) In ITA 2007, after section 940 insert- "940A No appropriate bond or combination of bonds (1) This section applies if- (a) the Commissioners for Her Majesty's Revenue and Customs hold one or more bonds tendered in accordance with section 939(4), (b) the Commissioners wish to tender bonds in accordance with section 939(4A) in satisfaction of an amount payable to the relevant creditor, and (c) the Commissioners consider that they do not hold a bond, or combination of bonds, that is appropriate for satisfying the amount payable. (2) If requested to do so by the Commissioners, the bond issuer must secure that the Commissioners hold a bond, or combination of bonds, that the Commissioners consider to be appropriate for satisfying the amount payable. (3) If requested to do so by the bond issuer, a person must assist the bond issuer to comply with subsection (2). (4) The duty under subsection (2), or under subsection (3), does not apply if it would be impracticable for the bond issuer, or the other person, to comply with the duty. (5) The matters which the Commissioners may take into account when considering whether or not a bond or combination of bonds is appropriate for satisfying the amount payable include- (a) the value of a bond at the time of its issue, (b) the interest which the relevant creditor, or any other person, has in a bond (including the nature or size of the interest), and (c) the terms on which a bond is issued. (6) For the purposes of this section- (a) "bond issuer" means the person by or through whom bonds were issued, and (b) "relevant creditor" and "relevant debt" have the same meanings as in section 939(4A)." (5) The amendments made by this section have effect in relation to funding bonds issued on or after 12 March 2008.