STATUTORY INSTRUMENTS

1969 No. 785 (S. 62)

EDUCATION, SCOTLAND

The Teachers Superannuation Account (Rates of Interest) (Scotland) Regulations 1969

Made - - -	*3rd June* 1969
Laid before Parliament	*16th June* 1969
Coming into Operation	*1st July* 1969

In exercise of the powers conferred upon me by section 18 of and paragraph 3(*d*) of Schedule 1 to the Teachers Superannuation (Scotland) Act 1968(a) as read with the Minister for the Civil Service Order 1968(b) and of all other powers enabling me in that behalf and after consultation with representatives of education authorities, teachers and other bodies appearing to me to be likely to be affected as required by section 18(5) of the said Act, and with the consent of the Minister for the Civil Service I hereby make the following regulations:—

Citation and Commencement

1. These regulations may be cited as the Teachers Superannuation Account (Rates of Interest) (Scotland) Regulations 1969 and shall come into operation on 1st July 1969.

Interpretation

2.—(1) In these regulations, unless the context otherwise requires—

"accounting period" means, in relation to the teachers superannuation account, the period of twelve months beginning on 1st April in each year;

"security" means a redeemable security issued by Her Majesty's Government in the United Kingdom;

"the teachers superannuation account" means the account required to be kept or treated as having been kept under section 5(1) of the Teachers Superannuation (Scotland) Act 1968.

(2) For the purposes of these regulations—

(*a*) the price of a security shall be the price half-way between the highest and lowest prices shown in the quotations therefor in the Official Daily List of the London Stock Exchange for the relevant date or, if that Exchange is or was closed on that date, the latest previous date on which it is or was open; and

(*b*) the rate of interest on an investment in a security shall be the rate equivalent to the gross annual yield therefrom expressed as a percentage of the sum deemed to be invested therein.

(3) The Interpretation Act 1889(c) shall apply for the interpretation of these regulations as it applies for the interpretation of an Act of Parliament.

(a) 1968 c. 12. (b) S.I. 1968/1656 (1968 III, p. 4485).
(c) 1889 c. 63.

Rates of Interest

3.—(1) Subject to the provisions of regulations 4 and 5 hereof, the sum representing interest which, under the terms of paragraph 3(d) of Schedule 1 to the Teachers Superannuation (Scotland) Act 1968, is to be treated as having been paid into the revenue of the teachers superannuation account shall be calculated in accordance with the following provisions of this regulation.

(2) The rate of interest on each of the sums specified in column (1) of the following table (being sums together making up the balance of revenue over expenditure remaining at the end of the accounting period beginning on 1st April 1960 and also forming part of the balance of revenue over expenditure remaining at the end of each subsequent accounting period) shall for the accounting period beginning on 1st April 1961 and for each subsequent accounting period be that specified opposite thereto in column (2):—

TABLE

(1) Sum	(2) Rate of Interest
£	
41,427,918	3½ per cent.
44,504,981	The rate of interest on an investment deemed to have been made on 1st April 1961 in Treasury 5½ per cent. Stock, 2008-12
2,960,983	The rate of interest on an investment deemed to have been made on 1st October 1956 in 3½ per cent. Funding Stock, 1999-2004
3,435,546	The rate of interest on an investment deemed to have been made on 1st October 1957 in 3½ per cent. Funding Stock, 1999-2004
3,311,174	The rate of interest on an investment deemed to have been made on 1st October 1958 in 3½ per cent. Funding Stock, 1999-2004
3,601,355	The rate of interest on an investment deemed to have been made on 1st October 1959 in 3½ per cent. Funding Stock, 1999-2004
3,677,994	The rate of interest on an investment deemed to have been made on 1st October 1960 in 3½ per cent. Funding Stock, 1999-2004

(3) The rate of interest on the balance of revenue (exclusive of interest thereon) over expenditure during the accounting period beginning on 1st April 1961 and each subsequent accounting period shall for that period be one-half of the rate of interest on the investment of an amount equal to such balance deemed to have been made on 1st October in that period in a security selected by the Secretary of State after consultation with the Government Actuary.

(4) The rate of interest on any part of the balance of revenue over expenditure remaining at the end of any accounting period beginning on 1st April 1961 or subsequently, being a part which accrued during that period, shall for the next succeeding and each subsequent accounting period be the rate of interest on the investment deemed to have been made in accordance with paragraph (3) of this regulation in the accounting period in which such part accrued.

Redemption of Securities

4.—(1) Subject to paragraph (3) of this regulation, on the date of redemption of a security in which an investment is deemed to have been made for the purposes of these regulations—

(*a*) the sum representing interest which, in accordance with regulation 3, is treated as having been paid into the revenue of the teachers superannuation account in respect of that investment shall be increased by the amount by which the notional proceeds of the redemption thereof exceeds the sum deemed to have been invested therein or, as the case may be, reduced by the amount by which those proceeds fall short of that sum; and

(*b*) a sum equivalent to the sum deemed to have been invested therein shall be deemed to be re-invested in a security selected by the Secretary of State after consultation with the Government Actuary.

(2) The re-investment made in pursuance of paragraph (1)(*b*) of this regulation shall be deemed to be in substitution for the investment in the redeemed security and any rate of interest determined by reference to that investment shall be varied accordingly.

(3) The notional proceeds of redemption referred to in paragraph (1) of this regulation shall be the amount which would be received in respect of an investment on the redemption of the security in which it is deemed to have been made, less any capital gains tax deemed to be payable in accordance with regulation 5.

(4) For the purposes of this regulation the date of redemption of a security shall be the last date on which it may be redeemed in accordance with the terms on which it was issued.

Income Tax and Capital Gains Tax

5.—(1) In relation to any investment deemed to have been made for the purposes of these regulations—

(*a*) income tax in respect of interest, and

(*b*) capital gains tax in respect of any capital gains accruing on the redemption of the security in which it was made

shall be deemed to be payable to the same extent as they would be payable if the investment belonged to a superannuation fund approved for the purposes of section 379 of the Income Tax Act 1952(**a**) and providing benefits similar to those provided from the teachers superannuation account.

(2) The rates of income tax and capital gains tax, if any, deemed to be payable in any year under paragraph (1) of this regulation shall be the rates of those taxes charged for that year under the relevant Finance Act.

(3) Any question arising under this regulation as to the extent to which income tax and capital gains tax shall be deemed to be payable under paragraph (1) of this regulation shall be decided by the Secretary of State and his decision thereon shall be final.

(**a**) 1952 c. 10.

William Ross,
One of Her Majesty's
Principal Secretaries of State.

St. Andrew's House,
Edinburgh, 1.
27th May 1969.

Consent of the Minister for the Civil Service given under his Official Seal on 3rd June 1969.

(L.S.)

J. E. Herbecq,
Authorised by the Minister
for the Civil Service.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations prescribe the method of calculating the sums representing interest which, in each accounting period from that beginning on 1st April 1961, are to be deemed to be added to the Teachers Superannuation Account.

The amount of interest added to the credit balance in the Teachers Superannuation Account has been calculated at 3½ per cent. per annum since the account was started in 1926. Under these Regulations for the accounting period beginning on 1st April 1961 and subsequent accounting periods interest will continue at that rate on the part of the balance that accrued before 1st April 1956, but in respect of balances accruing subsequently it will be at rates determined by reference to the notional yield from investment in redeemable Government securities.

The Regulations have retrospective effect by virtue of section 18(7) of the Teachers Superannuation (Scotland) Act 1968.