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STATUTORY INSTRUMENTS

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**1991 No. 512**

**INCOME TAX**

**The Income Tax (Building Societies)  
(Annual Payments) Regulations 1991**

*Made* - - - - 6th March 1991  
*Coming into force* - - 6th April 1991

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by section 350 of the Income and Corporation Taxes Act 1988<sup>(1)</sup>, hereby make the following Regulations, a draft of which has been laid before, and approved by resolution of, the House of Commons:

**Citation and commencement**

1. These Regulations may be cited as the Income Tax (Building Societies) (Annual Payments) Regulations 1991 and shall come into force on 6th April 1991.

**Interpretation**

2. In these Regulations unless the context otherwise requires—

“the Board” means the Commissioners of Inland Revenue;

“payment” (except in relation to a payment to the Board) includes "credit";

“payment quarter” means a period of three months ending with the last day of February, May, August or November;

“the 1986 Regulations” mean the Income Tax (Building Societies) Regulations 1986<sup>(2)</sup>;

“section 349(1) payment” means a payment by a building society of any annuity or other annual payment from which income tax is deductible under section 349(1) of the Taxes Act<sup>(3)</sup> and includes such a payment made after 28th February 1991 and before 6th April 1991 to which regulation 3 of the 1986 Regulations applied;

“Schedule 16” means Schedule 16 to the Taxes Act;

“the Taxes Act” means the Income and Corporation Taxes Act 1988.

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(1) 1988 c. 1.

(2) S.I. 1986/482, amended by S.I. 1987/844, 1988/1011 and 1989/36.

(3) Section 349 was amended by section 148 of, and Part IV of Schedule 14 to, the Finance Act 1988 (c. 39) and by paragraph 10 of Schedule 5 to the Finance Act 1990 (c. 29).

**Collection of amounts representing income tax payable by building societies**

3.—(1) This regulation modifies the provisions of Schedule 16 as they have effect for the purpose of regulating the time and manner in which a building society resident in the United Kingdom—

- (a) is to account for and pay income tax in respect of a section 349(1) payment, and
- (b) is to be repaid income tax in respect of payments which it receives.

(2) Schedule 16 shall have effect for those purposes—

- (a) with the substitution for any reference to a company of a reference to a building society;
- (b) with the substitution for paragraphs (a) to (c) of paragraph 2(2) of that Schedule of the words—

“(a) each complete payment quarter within the accounting period, beginning with the payment quarter ending 31 st May 1991;

(b) each part of an accounting period (other than an accounting period ending on or before 22nd March 1991) being a part which begins after February 1991 and which is not a complete payment quarter.”;

(c) as if paragraph 5 of that Schedule had effect only in relation to payments—

- (i) which are received by the building society after February 1991,
- (ii) which fall to be taken into account in computing its income chargeable to corporation tax, and
- (iii) in respect of which no claim has previously been made under that paragraph as modified by regulation 7(3)(e) of the 1986 Regulations.

*A. J. G. Isaac  
T. J. Painter*

6th March 1991

Two of the Commissioners of Inland Revenue

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations are made under section 350 of the Income and Corporation Taxes Act 1988 (“the 1988 Act”). They modify certain provisions of Schedule 16 to the 1988 Act with the consequence that the Schedule provides the machinery for a building society to account for and pay income tax in respect of annuities or other annual payments from which tax is deductible under section 349(1) of the 1988 Act (“section 349(1) payments”). They also make transitional provision for payment of tax in respect of section 349(1) payments made by a society under the Income Tax (Building Societies) Regulations 1986 (S.I.1986/482) (“the 1986 Regulations”).

Regulation 1 provides for citation and commencement.

Regulation 2 contains definitions.

Regulation 3 modifies certain provisions of Schedule 16 to the 1988 Act so that they provide for collection of tax in respect of section 349(1) payments made by a building society including, by virtue of the definition of “section 349(1) payment” in regulation 2, payments made under the 1986 Regulations after 28th February 1991 and before 6th April 1991. The modifications substitute references to a building society for references to a company, substitute periods for which returns of payments are to be made and limit payments received by a society under deduction of tax for the purpose of offsetting such tax against tax payable in respect of section 349(1) payments.