

## SCHEDULES

### SCHEDULE 5

#### BUILDING SOCIETIES AND DEPOSIT-TAKERS

##### *Building societies*

- 2 (1) Section 476 (building societies: regulations for payment of tax) shall cease to have effect.
- (2) This paragraph shall apply as regards the year 1991-92 and subsequent years of assessment.
- 3 (1) Section 477 (investments becoming or ceasing to be relevant building society investments) shall cease to have effect.
- (2) This paragraph shall apply as regards any time falling on or after 6th April 1991.
- 4 (1) The following section shall be inserted immediately before section 478—

##### **“477A Building societies: regulations for deduction of tax**

- (1) The Board may by regulations make provision with respect to any year of assessment requiring any building society—
- (a) in such cases as may be prescribed by the regulations to deduct out of any dividend or interest paid or credited in the year in respect of shares in, or deposits with or loans to, the society a sum representing the amount of income tax on it, and
  - (b) to account for and pay any amount required to be deducted by the society by virtue of this subsection.
- (2) Regulations under subsection (1) above may—
- (a) make provision with respect to the furnishing of information by building societies or their investors, including, in the case of societies, the inspection of books, documents and other records on behalf of the Board;
  - (b) contain such incidental and consequential provisions as appear to the Board to be appropriate, including provisions requiring the making of returns.
- (3) For any year of assessment to which regulations under subsection (1) above apply, dividends or interest payable in respect of shares in, or deposits with or loans to, a building society shall be dealt with for the purposes of corporation tax as follows—
- (a) in computing for any accounting period ending in the year of assessment the income of the society from the trade carried on by it, there shall be allowed as a deduction the actual amount paid or credited in the accounting period of any such dividends or interest,

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*Status: This is the original version (as it was originally enacted).*

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together with any amount of income tax accounted for and paid by the society in respect thereof;

- (b) no part of any such dividends or interest paid or credited in the year of assessment shall be treated as a distribution of the society or as franked investment income of any company resident in the United Kingdom.
- (4) Subsection (3)(a) above shall apply to any terminal bonus paid by the society under a certified contractual savings scheme as if it were a dividend on a share in the society.
- (5) Notwithstanding anything in sections 64, 66 and 67, for any year of assessment to which regulations under subsection (1) above apply income tax chargeable under Case III of Schedule D shall, in the case of any relevant sum, be computed on the full amount of the income arising in the year of assessment.
- (6) For the purposes of subsection (5) above a sum is relevant if it is a sum in respect of which a liability to deduct income tax—
- (a) is imposed by regulations under subsection (1) above, or
  - (b) would be so imposed if a certificate were not supplied, in accordance with the regulations, to the effect that the person beneficially entitled to the sum is unlikely to be liable to pay any amount by way of income tax for the year of assessment in which the sum is paid.
- (7) Notwithstanding anything in sections 348 to 350, for any year of assessment to which regulations under subsection (1) above apply income tax shall not be deducted upon payment to the society of any interest on advances, being interest payable in that year.
- (8) Subsection (7) above shall not apply to any payment of relevant loan interest to which section 369 applies.
- (9) In this section “dividend” has the meaning given by regulations under subsection (1) above, but any sum which is paid by a building society by way of dividend and which is not paid under deduction of income tax shall be treated for the purposes of Schedule D as paid by way of interest.”
- (2) This paragraph shall apply as regards the year 1991-92 and subsequent years of assessment.