

Status: Point in time view as at 17/07/2014.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, SCHEDULE 11. (See end of Document for details)

SCHEDULES

SCHEDULE 11

Section 27

DEDUCTION OF INCOME TAX AT SOURCE ETC

Deduction from interest payable on compensation

- 1 Chapter 3 of Part 15 of ITA 2007 (deduction from certain payments of yearly interest) is amended as follows.
- 2 In section 874 (duty to deduct from certain payments of yearly interest), after subsection (5) insert—
- “(5A) For the purposes of subsection (1) a payment of interest which is payable to an individual in respect of compensation is to be treated as a payment of yearly interest (irrespective of the period in respect of which the interest is paid).
- (5B) But the Commissioners for Her Majesty's Revenue and Customs may make regulations which provide that subsection (5A) does not apply in the circumstances prescribed in the regulations.”
- 3 In section 875 (interest paid by building societies), at the end insert “ unless it is treated as a payment of yearly interest by virtue of section 874(5A). ”
- 4 In section 878 (interest paid by banks), after subsection (1) insert—
- “(1A) But that duty does apply to such a payment if it is treated as a payment of yearly interest by virtue of section 874(5A).”

Deduction from yearly interest: specialties

- 5 In section 874 of ITA 2007 (duty to deduct from certain payments of yearly interest), after subsection (6) insert—
- “(6A) In determining for the purposes of subsection (1) whether a payment of interest arises in the United Kingdom no account is to be taken of the location of any deed which records the obligation to pay the interest.”

Payment of interest in kind

- 6 After section 370 of ITTOIA 2005 insert—

“370A Valuation of interest not paid in cash

- (1) This section applies to the payment of an amount of interest in the form of—
- (a) goods or services, or
 - (b) a voucher.

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- (2) Where this section applies by virtue of subsection (1)(a), the amount of the payment is to be taken to be equal to the market value, at the time the payment is made, of the goods or services.
- (3) Where this section applies by virtue of subsection (1)(b), the amount of the payment is to be taken to be equal to whichever is the higher of—
- (a) the face value of the voucher,
 - (b) the amount of money for which the voucher is capable of being exchanged, or
 - (c) the market value, at the time the payment is made, of any goods or services for which the voucher is capable of being exchanged.
- (4) In this section references to a voucher are to a voucher, stamp or similar document or token which is capable of being exchanged for money, goods or services.”
- 7 In section 380 of that Act (funding bonds), in subsection (3), at the end insert “ (but does not include any instrument providing for payment in the form of goods or services or a voucher) ”.
- 8 In section 939 of ITA 2007 (duty to retain bonds where issue treated as payment of interest), in subsection (6), at the end insert “ (but does not include any instrument providing for payment in the form of goods or services or a voucher) ”.
- 9 In section 975 of that Act (statements about deduction of income tax), in subsection (1)—
- (a) after “if” insert “—
(a)”,
and
 - (b) at the end insert “, and
(b) the person is not under a duty to provide a statement under section 975A”.
- 10 After section 975 of that Act insert—

“975A Statements about certain payments of interest

- (1) Subsection (2) applies if a person makes a payment of interest of which the whole or part is in the form of goods or services or a voucher.
- (2) The person must provide the recipient of the payment with a statement showing—
 - (a) the gross amount of the payment,
 - (b) the amount of the sum deducted under any provision of Chapters 2 to 7 or under section 919 or 928 (if any),
 - (c) the actual amount paid, and
 - (d) the date on which the payment was made.
- (3) The amounts mentioned in paragraphs (a) to (c) of subsection (2) are to be calculated in accordance with section 370A of ITTOIA 2005.
- (4) Subsection (5) applies where a person—

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- (a) is treated as making a payment of an amount of interest (“the deemed interest”) by virtue of section 413 of CTA 2009 or section 380 of ITTOIA 2005 (funding bonds), and
 - (b) is under a duty under section 939(2) to retain funding bonds equal in value to income tax on the deemed interest at the basic rate.
 - (5) The person must provide the recipient of the funding bonds with a statement showing—
 - (a) the gross amount of the deemed interest,
 - (b) the sum representing income tax which the person is treated under section 939(3) as having deducted by retaining funding bonds,
 - (c) the amount of the deemed interest after the deduction of that sum, and
 - (d) the date on which the deemed interest is treated as being paid.
 - (6) The amount of the deemed interest is to be calculated in accordance with section 413 of CTA 2009 or section 380 of ITTOIA 2005, as the case may require.
 - (7) A statement under this section must be provided in writing to the recipient on the date that the payment is made or (as the case may be) the date that the deemed interest is treated as being paid.
 - (8) The duty to comply with this section is enforceable by the recipient.
 - (9) In this section—
 - (a) references to a voucher are to a voucher, stamp or similar document or token which is capable of being exchanged for money, goods or services, and
 - (b) “funding bonds” has the same meaning as in Chapter 12 (see section 939(6)).”
- 11 In section 413 of CTA 2009 (issue of funding bonds), in subsection (3), at the end insert “ (but does not include any instrument providing for payment in the form of goods or services or a voucher) ”.

Commencement

- 12 (1) The amendments made by paragraphs 1 to 4 have effect—
- (a) in relation to any payment of interest by a building society which is made on or after 1 September 2013, and
 - (b) in relation to any other payment of interest which is made on or after 1 October 2013.
- (2) The amendments made by paragraphs 5 to 11 have effect in relation to any payment of interest which is made on or after the day on which this Act is passed.

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