

---

S T A T U T O R Y   I N S T R U M E N T S

---

**1985 No. 1836**

**INCOME TAX**

**The Income Tax (Reduced and Composite Rate) Order 1985**

<i>Made - - - -</i>	<i>27th November 1985</i>
<i>Laid before the House of Commons</i>	<i>29th November 1985</i>
<i>Coming into Operation</i>	<i>6th April 1986</i>

The Treasury, in exercise of the powers conferred on them by section 26 of the Finance Act 1984(a) hereby make the following Order:—

1. This Order may be cited as the Income Tax (Reduced and Composite Rate) Order 1985 and shall come into operation on 6th April 1986.

2. The Treasury hereby determine that the rate which, under the provisions of the said section 26, shall for the year 1986–87, be the reduced rate (for building societies) and the composite rate (for deposit-takers), shall be 25.25 per cent.

*Ian B. Lang,*  
*T. Garel-Jones,*  
Two of the Lords Commissioners  
of Her Majesty's Treasury.

27th November 1985.

---

(a) 1984 c. 43.

## EXPLANATORY NOTE

*(This Note is not part of the Order.)*

In respect of payments of dividends and interest made to investors in the year 1986–87 and subsequent years of assessment, a building society will be required to pay to the Inland Revenue (in accordance with Regulations to be made under subsection (1A) of section 343 of the Income and Corporation Taxes Act 1970 (c. 10) which was inserted by section 40(3) of the Finance Act 1985 (c. 54)), an amount representing income tax on certain sums calculated in part at the basic rate and in part at “the reduced rate”.

Under the provisions of section 27 of the Finance Act 1984 a deposit-taker on making payments of interest in respect of a relevant deposit is liable to account for and pay an amount representing income tax on such payments. The amount is calculated by applying “the composite rate” determined in accordance with section 26 of that Act.

Section 26 provides that the Treasury shall by Order made by Statutory Instrument determine a rate in each year of assessment which for the following year of assessment shall be the reduced rate (for building societies) and the composite rate (for deposit-takers). This Order determines the rate at 25.25 per cent for the year 1986–87.

SI 1985/1836  
ISBN 0-11-057836-8



780110 578361