
STATUTORY INSTRUMENTS

1992 No. 2915

INCOME TAX

The Income Tax (Building Societies) (Dividends and Interest) (Amendment No. 2) Regulations 1992

Made - - - - 19th November 1992
Laid before the House of
Commons - - - - 23rd November 1992
Coming into force - - 14th December 1992

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by section 477A(1) and (2) of the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Income Tax (Building Societies) (Dividends and Interest) (Amendment No. 2) Regulations 1992 and shall come into force on 14th December 1992.

Interpretation

2. In these Regulations “the principal Regulations” means the Income Tax (Building Societies) (Dividends and Interest) Regulations 1990(2) and “regulation” means a regulation of those Regulations.

Amendments to the principal Regulations

3. In regulation 2—

- (a) for the definition of “qualifying certificate of deposit” there shall be substituted—
““qualifying certificate of deposit” has the meaning given by section 349(4)(3) of the Taxes Act;

(1) 1988 c. 1; section 477A was inserted by paragraph 4 of Schedule 5 to the Finance Act 1990 (c. 29) and amended by section 52(2) and (3) of, and paragraph 2 of Schedule 11 to, the Finance Act 1991 (c. 31), and paragraph 3 of Schedule 8 to the Finance (No. 2) Act 1992 (c. 48).
(2) S.I. 1990/2231, amended by S.I. 1992/11.
(3) Subsection (4) of section 349 was inserted by paragraph 10(3) of Schedule 5 to the Finance Act 1990 and amended by paragraph 1(5) of Schedule 11 to the Finance Act 1991 and by paragraph 2(3) of Schedule 8 to the Finance (No. 2) Act 1992.

“qualifying deposit right” has the meaning given by section 349(4) of the Taxes Act reading “paid” as “paid or credited”;

(b) the definition of “exempt friendly society” shall be omitted.

4.—(1) Subject to paragraph (2), in regulation 4—

(a) in paragraph (1)—

(i) sub-paragraph (e) shall be omitted;

(ii) for sub-paragraph (g) there shall be substituted—

“(g) a payment to a company within the meaning of section 832(1) of the Taxes Act.”;

(iii) sub-paragraph (i) shall be omitted;

(iv) in sub-paragraph (j) after the words “qualifying certificate of deposit” there shall be inserted the words “, qualifying deposit right”;

(v) after sub-paragraph (p)(4) there shall be added—

“(q) a payment to a health service body within the meaning of section 519A of the Taxes Act(5);

(r) a payment to trustees of a unit trust scheme within the meaning of section 75(8) of the Financial Services Act 1986(6).”;

(b) paragraphs (2), (3) and (4) shall be omitted.

(2) The amendments made by paragraph (ii) of sub-paragraph (a), and by sub-paragraph (b), of paragraph (1) above shall not have effect in relation to an election made under sub-paragraph (g) of paragraph (1) of regulation 4 which was in force immediately before the date of coming into force of these Regulations, and accordingly such an election shall continue in full force and effect unless and until it ceases to be in force by virtue of paragraph (2) of regulation 4 or is revoked pursuant to that paragraph.

5. In regulation 11—

(a) in paragraph (2A)(7)—

(i) the words “Subject to paragraph (2B),” shall be inserted before the words “a building society”;

(ii) for “sub-paragraphs (d) to (f) or (k)” there shall be substituted “sub-paragraphs (d), (f), (g), (k) or (r)”;

(b) after paragraph (2A) there shall be inserted—

“(2B) Paragraph (2A) shall not apply to—

(a) a payment of interest made to a building society on a loan made by a building society, or

(b) a payment of interest made to a company in relation to which an election under sub-paragraph (g) of paragraph (1) of regulation 4 was in force immediately before 14th December 1992 and remains in force at the time of the payment.”.

6. In paragraph (1) of regulation 12(8)—

(4) Sub-paragraph (p) was added by S.I. 1992/11.

(5) Section 519A was inserted by section 61(1) of the National Health Service and Community Care Act 1990 (c. 19).

(6) 1986 c. 60.

(7) Paragraph (2A) of regulation 11 was inserted by S.I. 1992/11.

(8) Regulation 12 was previously amended by S.I. 1992/11.

- (a) for “(1) to (4)” there shall be substituted “(1), (2) and (4) to (4C)”**(9)**;
- (b) the word “and” immediately following sub-paragraph (a) shall be omitted;
- (c) for sub-paragraph (b) there shall be substituted—
 - “(b) for the word “banking” in subsection (1) there were substituted the words “a building society”;;”;
- (d) after sub-paragraph (b) there shall be added—
 - “(c) in paragraph (a) of subsection (4B)—
 - (i) for the reference to a declaration made under section 481(5)(k) of the Taxes Act and the operation of section 482(5) of that Act in relation to that declaration there were substituted a reference to declarations made under regulations 11(1) and (2)**(10)** and the operation of regulation 11(4) in relation to those declarations, and
 - (ii) for the reference to section 480A(1) of the Taxes Act there were substituted a reference to regulation 3; and
 - (d) in paragraph (b) of subsection (4B) for the word “declaration” there were substituted the word “declarations”.”.

T. J. Painter
L. J. H. Beighton

19th November 1992

Two of the Commissioners of Inland Revenue

(9) Subsection (4C) of section 17 of the Taxes Management Act 1970 (c. 9) referred to in regulation 12(1) was inserted by section 29 of the Finance (No. 2) Act 1992 which also inserted subsections (4A) and (4B) and amended subsection (4) of section 17.

(10) Paragraphs (1) and (2) of regulation 11 were amended by S.I. 1992/11.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which are made under section 477A(1) and (2) of the Income and Corporation Taxes Act 1988 and come into force on 14th December 1992, amend the Income Tax (Building Societies) (Dividends and Interest) Regulations 1990 (S.I.1990/2231) (“the Building Societies Regulations”), previously amended by S.I. 1992/11. The amendments further extend the categories of payments which may be made without deduction of tax by building societies (“gross payments”) and provide that the amendments made by section 29 of the Finance (No. 2) Act 1992 to section 17 of the Taxes Management Act 1970 (returns of interest paid by banks) apply to returns of dividends and interest paid by building societies.

Regulation 1 provides for citation and commencement and regulation 2 contains definitions.

The remainder of the Regulations make amendments to the Building Societies Regulations.

Regulation 3 amends the definition of “qualifying certificate of deposit” in regulation 2 of the Building Societies Regulations and inserts a new definition in that regulation (“qualifying deposit right”). It also repeals the definition of “exempt friendly society” which, in consequence of the extension (by regulation 4) of the categories of gross payments to payments to all companies (bodies corporate and unincorporated associations), is no longer needed.

Regulation 4 extends the categories of gross payments to payments to companies, health service bodies and unit trust schemes, and payments in respect of qualifying deposit rights. It repeals in consequence provisions relating to gross payments to certain companies, which are no longer needed, and contains a saving in respect of payments to subsidiary companies resident in the United Kingdom.

Regulation 5 is concerned with the requirement that, in certain cases, a building society has to receive a declaration from an investor before it may make gross payments. This requirement is extended to payments to the trustees of unit trust schemes and, with certain exceptions, payments to companies.

Regulation 6 provides that the amendments made by section 29 of the Finance (No. 2) Act 1992 to section 17 of the Taxes Management Act 1970 in connection with declarations that persons beneficially entitled to payments of interest by banks are not ordinarily resident in the United Kingdom extend to similar declarations made in respect of persons beneficially entitled to payments of dividends and interest by building societies.