
STATUTORY INSTRUMENTS

1995 No. 1370

INCOME TAX

**The Deposit-takers (Interest Payments) (Discretionary
or Accumulation Trusts) Regulations 1995**

<i>Made</i>	- - - -	<i>23rd May 1995</i>
<i>Laid before the House of Commons</i>	- - - -	<i>24th May 1995</i>
<i>Coming into force</i>	- -	<i>14th June 1995</i>

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by section 482(11)(ab) of the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Deposit-takers (Interest Payments) (Discretionary or Accumulation Trusts) Regulations 1995 and shall come into force on 14th June 1995.

(2) These Regulations shall have effect with respect to any payment of interest made on or after 6th April 1996 by a deposit-taker in respect of a deposit made before 6th April 1995 where the interest is income arising to the trustees of a discretionary or accumulation trust.

Interpretation

2. In these Regulations—

“the Board” means the Commissioners of Inland Revenue;

“discretionary or accumulation trust” has the meaning given by section 481(4A) of the Taxes Act(2);

“notice” means notice in writing;

“payment” includes “credit”;

“section 480A(1)” and “section 481(5B)”(3) mean section 480A(1) and section 481(5B) respectively of the Taxes Act;

(1) 1988 c. 1; section 482(11)(ab) was inserted by section 86(8) of the Finance Act 1995 (c. 4).

(2) Section 481(4A) was inserted by section 86(2) of the Finance Act 1995.

(3) Section 480A was inserted by paragraph 7 of Schedule 5 to the Finance Act 1990 (c. 29), and section 481(5B) was inserted by section 86(4) of the Finance Act 1995.

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

Discretionary or accumulation trust—form of notification

3. A notification given by any of the trustees of a discretionary or accumulation trust for the purposes of section 481(5B) shall be in the form provided by the Board.

Receipt of notification by deposit-taker

4.—(1) On receipt of a notification under section 481(5B), a deposit-taker shall be entitled not to deduct tax pursuant to section 480A(1) from any payment of interest in respect of the deposit to which the notification relates and which is made in the circumstances specified in paragraph (2) below.

(2) The circumstances specified in this paragraph are where the payment is made within the period of 30 days following receipt of the notification, and at the time of the making of the payment it has not become reasonably practicable for the deposit-taker to deduct tax pursuant to section 480A(1).

Cancellation of notification

5. If the Board are satisfied, at any time following the giving of a notification under section 481(5B), that interest in respect of the deposit to which the notification relates is not income arising to the trustees of a discretionary or accumulation trust, they shall cancel the notification and give notice of the cancellation to the deposit-taker concerned.

*S. C. T. Matheson
C. W. Corlett*

23rd May 1995

Two of the Commissioners of Inland Revenue

EXPLANATORY NOTE

(This note is not part of the Regulations)

By virtue of section 481(5B) of the Income and Corporation Taxes Act 1988 (inserted by section 86(4) of the Finance Act 1995), the requirement for deposit-takers to deduct tax from any payment of interest made on or after 6th April 1996 to a discretionary or accumulation trust in respect of a deposit does not apply where the deposit was made before 6th April 1995, unless the deposit-taker has been given a notification by the Inland Revenue or by the trustees concerned prior to the making of the payment that interest in respect of the deposit is income arising to such a trust. These Regulations make provision in relation to such notifications.

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

Regulation 3 provides for the form of notification where the notification is given by the trustees of a discretionary or accumulation trust.

Regulation 4 makes provision in relation to the circumstances in which a deposit-taker is entitled to delay deducting tax from payments of interest to a discretionary or accumulation trust following receipt of a notification.

Regulation 5 provides for the cancellation of a notification.