

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Gilt-edged Securities (Periodic Accounting for Tax on Interest) Regulations 1995 (S.I.1995/3224) to take account of an amendment made to section 51B of the Income and Corporation Taxes Act 1988 by paragraph 4 of Schedule 6 to the Finance Act 1996 (c. 8) which provides for interest to be charged to tax at the lower rate instead of at the basic rate in relation to the year 1996-97 and subsequent years of assessment.

These Regulations have effect in relation to all payments of interest on relevant gilt-edged securities made without deduction of tax on or after 6th April 1996; and an additional paragraph (paragraph (2A)) has been inserted in regulation 9 to provide for the case of a return period which begins before, but includes, 6th April 1996. Authority for the retrospective effect of these Regulations is given by paragraph 4(2) of Schedule 6 to the Finance Act 1996.