



# Income and Corporation Taxes Act 1970

## 1970 CHAPTER 10

### PART V

#### SCHEDULE C, AND GENERAL PROVISIONS ABOUT GOVERNMENT SECURITIES

*Government securities: payment of interest without deduction of income tax, and other provisions*

**101 United Kingdom securities: Treasury directions for payment without deduction**

- (1) The Treasury may direct that any of the following securities, that is to say—
- (a) any securities issued under the War Loan Acts 1914 to 1919, or under section 60 of the Finance Act 1916, and
  - (b) any securities issued, or deemed to be issued, under the National Loans Act 1939, or issued under the National Loans Act 1968,
  - (c) any Government stock issued under section 1 of the Bank of England Act 1946, section 1 of the Cable and Wireless Act 1946, section 65(1) of the Town and Country Planning Act 1947, or section 62(1) of the Town and Country Planning (Scotland) Act 1947, and
  - (d) any such stock as is mentioned in section 33(1) of the Coal Industry Nationalisation Act 1946, or section 26(1) of the Iron and Steel Act 1967,
- shall be issued, or shall be deemed to have been issued, subject to the condition that the interest thereon shall be paid without deduction of income tax; and, subject to the provisions of this section, the interest shall be so paid accordingly, but shall be chargeable under Case III of Schedule D.
- (2) The holder of any registered securities the interest on which is, by virtue of directions given under subsection (1) above, payable without deduction of tax may make an application to the Bank under this subsection requesting that income tax shall be deducted from the interest on those securities before payment thereof; and where any such application is made, income tax in respect of the interest on those securities shall, so long as they remain registered in the name of the person making the application and subject to the withdrawal of the application under subsection (4) below, be deducted

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and charged in the same manner as if they were not securities to which the said subsection (1) applied.

- (3) An application under subsection (2) above shall be in such form as the Bank with the approval of the Treasury may prescribe, and any application made less than two months before the date on which any interest is payable shall only have effect as regards any payment of interest subsequent to the payment falling due on that date.
- (4) An application made under the said subsection (2) may at any time be withdrawn by notice to the Bank in such form as the Bank with the approval of the Treasury may prescribe, but an application so withdrawn shall, notwithstanding the withdrawal, continue to have effect as regards any interest payable less than two months after the date on which the notice is received at the Bank.
- (5) Where any securities to which subsection (2) above applies are held upon trust, the holders of the securities may make an application under that subsection in respect thereof without the consent of any other person, notwithstanding anything in the instrument creating the trust.
- (6) In this section " the Bank " means the Bank of England or the Bank of Ireland as the case requires, and " registered " means entered in the register of the Bank.

## **102 Treasury directions as respects Northern Ireland securities**

- (1) The Treasury on the application of the Ministry of Finance for Northern Ireland may, as respects any securities to which this section applies, direct that the securities specified in the direction shall be issued, or shall be deemed to have been issued, subject to the condition that the interest thereon shall be paid without deduction of income tax; and, in relation to any securities so specified and the interest thereon, section 101 above shall have effect as if—
  - (a) the securities were securities in respect of which a direction had been given by the Treasury under subsection (1) of that section,
  - (b) references in that section to " the Bank " were (notwithstanding subsection (6) thereof) references to the bank in the books of which the securities are registered or inscribed, and
  - (c) the references in subsections (3) and (4) of that section to the Treasury were references to the said Ministry of Finance.
- (2) The securities to which this section applies are securities issued under section 11(1)(c) of the Exchequer and Financial Provisions Act (Northern Ireland) 1950 for money borrowed by the said Ministry of Finance for the purposes of making issues from the Consolidated Fund of Northern Ireland.

## **103 Information to be given where interest paid without deduction**

Where interest on any securities issued subject to the condition that interest is payable without deduction of tax is paid without deduction of tax, any person by whom such interest is paid, and any person who receives on behalf of any other person, being a registered or inscribed holder of any such security, any interest so paid without deduction of tax, and any person who has acted as intermediary in the purchase of any securities on which the interest is payable without deduction of tax, shall, on being so required by the Board, furnish to them—

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- (a) the names and addresses of the persons to whom such interest has been paid, or on whose behalf such interest has been received, or on whose behalf such securities have been purchased, and
- (b) the amount of the interest so paid or received, or the amount of the securities so purchased.

#### **104 Taxation of interest on converted government securities, and interest which becomes subject to deduction**

- (1) Where the income which any individual is required under the Income Tax Acts to include in a statement of his total income for any year includes both—
  - (a) interest received without deduction of income tax in respect of government securities (in this section referred to as "original securities") which have been exchanged for any other government securities (in this section referred to as "substituted securities"), and
  - (b) interest taxed by deduction in respect of such substituted securities, and the amount of the interest so included exceeds the full amount of the interest for a complete year on the original securities,then, if that individual so requires, the excess—
  - (i) shall not be taken into account in ascertaining his total income for that year for the purposes of income tax, but
  - (ii) shall nevertheless be chargeable to income tax for that year at such rate or rates, and subject to such reliefs, if any, as would be applicable if the excess constituted the highest part of an income equal, subject to section 529 of this Act, to the amount of his total income exclusive of the excess.
- (2) Where an application is made under section 101(2) of this Act with respect to any securities, subsection (1) above shall have effect as if, during the period in which the interest on those securities was paid without deduction of income tax, those securities were original securities within the meaning of the said subsection (1), and as if thereafter they were substituted securities within the meaning of that subsection.

#### **105 Subscriptions by banks to war loans**

Any bank carrying on a bona fide banking business in the United Kingdom shall be relieved, by repayment or otherwise, from tax under Schedule C in respect of the interest on any securities which the bank proves to represent subscriptions by the bank to any government loan issued for the purposes of the war which was being carried on at the time of the passing of the Income Tax Act 1918, and the bank shall include the amount of any such interest in the computation of its profits or gains for the purpose of assessment under Case I of Schedule D.