



Finance Act 1991

1991 CHAPTER 31

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Building societies

51 Qualifying shares.

Schedule 10 to this Act (which makes provision about certain kinds of building society share) shall have effect.

52 Marketable securities.

(1) Schedule 11 to this Act (which makes provision about the deduction of income tax in the case of marketable securities issued by building societies) shall have effect.

(2) In section 477A of the Taxes Act 1988 (corporation tax treatment of payments by building societies) after subsection (3) there shall be inserted—

“(3A) Subsection (3B) below applies in the case of a dividend or interest payable in respect of any security (other than a qualifying certificate of deposit) which is quoted, or capable of being quoted, on a recognised stock exchange at the time the dividend or interest becomes payable.

(3B) Where the amount payable by way of dividend or interest represents more than a reasonable commercial return for the use of the principal to which the security relates, the amount deductible in respect of the dividend or interest under subsection (3)(a) above shall not exceed an amount equal to the amount

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which would have represented a reasonable commercial return for the use of that principal.

(3C) For the purposes of subsection (3B) above, no amount shall be regarded as representing the principal to which a security relates in so far as it exceeds any new consideration which has been received by the society for the issue of the security.”

(3) Subsection (2) above shall apply in relation to dividends or interest becoming payable on or after the day on which this Act is passed.

53 Income Tax (Building Societies) Regulations 1986.

- (1) Section 343(1A) of the ^{M1}Income and Corporation Taxes Act 1970 (building societies) shall be deemed to have conferred power to make all the provisions in fact contained in the ^{M2}Income Tax (Building Societies) Regulations 1986 (the regulations).
- (2) Where a provision of the regulations requires a building society to pay to the Board a sum calculated by reference to the reduced rate and the basic rate, subsection (3) below shall apply to the extent that the sum is one in respect of payments or credits made in the period beginning with 1st March in any year and ending with 5th April in the same year.
- (3) The provision shall be deemed always to have had effect as if the reduced and basic rates concerned were those for the year of assessment in which the period falls.
- (4) In relation to a building society which commenced proceedings to challenge the validity of the regulations before 18th July 1986, this section shall not have effect to the extent that the regulations apply (or purport to apply) to payments or credits made before 6th April 1986.

Marginal Citations

M1 1970 c. 10.

M2 S.I. 1986/482.

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