

Status: Point in time view as at 25/07/1991.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1991, SCHEDULE 11. (See end of Document for details)

SCHEDULES

SCHEDULE 11

Section 52.

BUILDING SOCIETIES: MARKETABLE SECURITIES

Deduction of income tax

- 1 (1) Section 349 of the Taxes Act 1988 (annual interest etc.) shall be amended as follows.
 - (2) In subsection (2)(a), after “company” there shall be inserted “(other than a building society)”.
 - (3) In subsection (3), paragraph (e) shall be omitted.
 - (4) After subsection (3) there shall be inserted—
 - “(3A) Subject to subsection (3B) below and to any other provision to the contrary in the Income Tax Acts, where—
 - (a) any dividend or interest is paid in respect of a security issued by a building society other than a qualifying certificate of deposit, and
 - (b) the security was quoted, or capable of being quoted, on a recognised stock exchange at the time the dividend or interest became payable, the person by or through whom the payment is made shall, on making the payment, deduct out of it a sum representing the amount of income tax thereon for the year in which the payment is made.
 - (3B) Subsection (3A) above does not apply to any payment to which section 124 applies.”
 - (5) In subsection (4), for “subsection (3)(e) above” there shall be substituted “this section” and for the words from “and” to the end there shall be substituted—
 - “ “qualifying certificate of deposit means a certificate of deposit, as defined in section 56(5), under which—
 - (a) the amount payable by the issuing society, exclusive of interest, is not less than £50,000 (or, for a deposit denominated in foreign currency, not less than the equivalent of £50,000 at the time when the deposit is made), and
 - (b) the obligation of the society to pay that amount arises after a period of not more than five years beginning with the date on which the deposit is made; and“security includes share.”
- 2 (1) Section 477A of the Taxes Act 1988 (building societies: regulations for deduction of tax) shall be amended as follows.
 - (2) After subsection (1) there shall be inserted—

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“(1A) Regulations under subsection (1) above may not make provision with respect to any dividend or interest paid or credited, on or after the day on which the Finance Act 1991 was passed, in respect of a security (other than a qualifying certificate of deposit) which was quoted, or capable of being quoted, on a recognised stock exchange at the time the dividend or interest became payable.”

(3) After subsection (9) there shall be inserted—

“(10) In this section—

“qualifying certificate of deposit has the same meaning as in section 349, and

“security includes share.”

Collection

3 (1) Schedule 16 to the Taxes Act 1988 (collection of income tax on company payments which are not distributions), in its application to building societies by virtue of section 350(4) of that Act, shall have effect as if for paragraph 2(2)(a) there were substituted—

“(a) each complete quarter falling within the accounting period, that is to say, each of the periods of three months ending with the last day of February, May, August and November;”.

(2) In section 350(4) of that Act, the second reference to regulations shall be treated as including a reference to sub-paragraph (1) above.

(3) Regulations under section 350(4) of that Act (power to modify Schedule 16) may repeal sub-paragraphs (1) and (2) above.

4 (1) A building society may not make more than one claim to relief under paragraph 5 of Schedule 16 to the Taxes Act 1988 (set-off of income tax borne on company income against tax payable) in respect of the same deduction.

(2) In sub-paragraph (1) above, the reference to a claim under paragraph 5 of Schedule 16 to the Taxes Act 1988 includes a reference to a claim under that paragraph as applied by regulations under section 477A(1) of that Act.

Information

5 (1) In section 18 of the ^{M1}Taxes Management Act 1970 (information about interest payments) after subsection (3C) there shall be inserted—

“(3D) For the purposes of this section, the payment by a building society of a dividend in respect of a share in the society shall be treated as the payment of interest.”

(2) This paragraph shall have effect as regards a case where the payment is made on or after the day on which this Act is passed.

Marginal Citations

M1 1970 c. 9.

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