
S T A T U T O R Y I N S T R U M E N T S

1986 No. 2147

INCOME TAX

The Income Tax (Reduced and Composite Rate) Order 1986

<i>Made</i>	- - - - -	<i>8th December 1986</i>
<i>Laid before the House of Commons</i>		<i>9th December 1986</i>
<i>Coming into Operation</i>		<i>6th April 1987</i>

The Treasury, in exercise of the powers conferred on them by section 26 of the Finance Act 1984^(a), hereby make the following Order:—

1. This Order may be cited as the Income Tax (Reduced and Composite Rate) Order 1986 and shall come into operation on 6th April 1987.

2. The Treasury hereby determine that the rate which, under the provisions of the said section 26, shall for the year 1987–88 be the reduced rate (for building societies) and the composite rate (for deposit-takers) shall be 24.75 per cent.

Michael Neubert,
Tony Durant,
Two of the Lords Commissioners
of Her Majesty's Treasury.

8th December 1986.

^(a) 1984 c. 43.

EXPLANATORY NOTE

(This Note is not part of the Order.)

In respect of payments of dividends and interest made to investors in the year 1986–87 and subsequent years of assessment, a building society is required to pay to the Inland Revenue in accordance with regulations (S.I. 1986/482) made under subsection (1A) of section 343 of the Income and Corporation Taxes Act 1970 (c. 10) which was inserted by section 40(3) of the Finance Act 1985 (c. 54), an amount representing income tax on certain sums calculated in part at the basic rate and in part at “the reduced rate”.

Under the provisions of section 27 of the Finance Act 1984 a deposit-taker on making payments of interest in respect of a relevant deposit is liable to account for and pay an amount representing income tax on such payments. The amount is calculated by applying “the composite rate” determined in accordance with section 26 of that Act.

Section 26 provides that the Treasury shall by Order made by Statutory Instrument determine a rate in each year of assessment which for the following year of assessment shall be the reduced rate (for building societies) and the composite rate (for deposit-takers). This Order determines the rate at 24.75 per cent for the year 1987–88. The rate for the years 1986–87 and 1985–86 was 25.25 per cent (S.I. 1985/1836 and S.I. 1984/1674).

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