

---

STATUTORY INSTRUMENTS

---

**1988 No. 2145**

**INCOME TAX**

**The Income Tax (Reduced and Composite Rate) Order  
1988**

<i>Made - - - -</i>	<i>7th December 1988</i>
<i>Laid before the House of Commons</i>	<i>12th December 1988</i>
<i>Coming into force</i>	<i>6th April 1989</i>

The Treasury, in exercise of the powers conferred on them by section 483 of the Income and Corporation Taxes Act 1988 (a), hereby make the following Order:

1. This Order may be cited as the Income Tax (Reduced and Composite Rate) Order 1988 and shall come into force on 6th April 1989.

2. The Treasury hereby determine that the rate which, under the provisions of the said section 483, shall for the year 1989–90 be the reduced rate (for building societies) and the composite rate (for deposit-takers) shall be 21.75 per cent.

	<i>David Lightbown</i>
	<i>David Maclean</i>
7th December 1988	Two of the Lords Commissioners of Her Majesty's Treasury

---

(a) 1988 c.l.

**EXPLANATORY NOTE**

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

By virtue of the Income Tax (Building Societies) Regulations 1986 (S.I. 1986/482, amended by S.I. 1987/844 and 1988/1011) a building society is required to pay to the Inland Revenue in respect of payments of dividends and interest 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 479 of the Income and Corporation Taxes Act 1988 ("the Act") 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 483 of the Act.

Section 483 of the Act 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 21.75 per cent. for the year 1989-90. The rate for the years 1985-86 and 1986-87 was 25.25 per cent. (S.I. 1984/1674 and 1985/1836), for the year 1987-88 24.75 per cent. (S.I. 1986/2147) and for the year 1988-89 23.25 per cent. (S.I. 1987/2075).