
STATUTORY INSTRUMENTS

1993 No. 724

INCOME TAX

The Income Tax (Sub-contractors in the Construction Industry) (Amendment) Regulations 1993

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| <i>Made</i> | - - - - | <i>16th March 1993</i> |
| <i>Laid before the House of Commons</i> | - - - - | <i>16th March 1993</i> |
| <i>Coming into force</i> | - - | <i>6th April 1993</i> |

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by section 566(1) of the Income and Corporation Taxes Act 1988⁽¹⁾, hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Income Tax (Sub-contractors in the Construction Industry) (Amendment) Regulations 1993 and shall come into force on 6th April 1993.

Interpretation

2. In these Regulations “the Principal Regulations” means the Income Tax (Sub-contractors in the Construction Industry) Regulations 1975⁽²⁾ and “Regulation” means a regulation of those Regulations.

Amendments to the Principal Regulations

3. After Regulation 7B⁽³⁾ there shall be inserted—

“Interest on amounts overdue

7C.—(1) Subject to paragraph (2), where in relation to the year ended 5th April 1993 or any subsequent year, a contractor has not within 14 days after the end of a year paid to the Collector the total amount which he is liable under these Regulations so to pay, the amount remaining unpaid shall carry interest at the prescribed rate from the reckonable date until payment.

(1) 1988 c. 1.

(2) S.I.1975/1960.

(3) Regulations 7A and 7B were inserted by S.I. 1991/1081.

(2) Paragraph (1) above shall not apply to any amount in respect of which a direction under Regulation 7B(2) or (3) has been made.

(3) In this Regulation “the prescribed rate” means the rate applicable under section 178 of the Finance Act 1989(4) for the purposes of section 86 of the Taxes Management Act 1970(5); and where that rate changes on an operative date within the meaning given by Regulation 2 of the Taxes (Interest Rate) Regulations 1989(6) by virtue of those Regulations, the change shall have effect for periods beginning on or after the operative date in relation to interest running from before that date as well as from or from after that date.

(4) In this Regulation “the reckonable date”, in relation to any year, means the 14th day after the end of that year.

(5) The amount payable to which paragraph (1) of this Regulation applies shall carry interest from the reckonable date even if that date is a non-business day within the meaning of section 92 of the Bills of Exchange Act 1882(7).

(6) Interest payable under this Regulation shall be recoverable as if it were an amount which a contractor is liable under Regulation 7 or 7A to pay to the Collector.

(7) A certificate of the Collector that any amount of interest payable under this Regulation has not been paid to him, or, to the best of his knowledge and belief, to any other Collector or to any person acting on his behalf or on behalf of another Collector, shall be sufficient evidence that the sum mentioned in the certificate is unpaid and due to the Crown.

(8) Any document purporting to be a certificate within paragraph (7) shall be deemed to be such a certificate until the contrary is proved.

Interest on amounts overpaid

7D.—(1) Where an amount paid under these Regulations in respect of the year ended 5th April 1993 or any subsequent year is repaid to a contractor in the circumstances specified in paragraph (2), the amount repaid shall carry interest at the prescribed rate from the relevant time until the order for the repayment is issued.

(2) The circumstances specified in this paragraph are where the amount is repaid—

- (a) after the end of the year following that in respect of which the amount was paid, and
- (b) after the end of the year in which the amount was paid.

(3) In this Regulation “the prescribed rate” means the rate applicable under section 178 of the Finance Act 1989 for the purposes of section 824 of the Income and Corporation Taxes Act 1988(8); and where that rate changes on an operative date within the meaning given by Regulation 2 of the Taxes (Interest Rate) Regulations 1989 by virtue of those Regulations,

(4) 1989 c. 26; section 178 was amended by section 17(10) of the Social Security Act 1990 (c. 27), paragraph 107 of Schedule 2 to the Social Security (Consequential Provisions) Act 1992 (c. 6), paragraph 19(4) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12) and paragraph 5 of Schedule 11 to the Finance (No. 2) Act 1992 (c. 48).

(5) 1970 c. 9; section 86 was substituted by section 46(1) of the Finance (No. 2) Act 1975 (c. 45); the section as substituted was amended by sections 61(3) and 62(1) and (2) of the Finance Act 1980 (c. 48), Part V of Schedule 16 to the Finance Act 1987 (c. 16), paragraph 32 of Schedule 29 to the Income and Corporation Taxes Act 1988, sections 156(1) and 179(1) of the Finance Act 1989, section 73(4) and (5) of, and paragraph 1 of Schedule 15 to, the Finance Act 1991 (c. 31), sub-paragraphs (1) and (8) of paragraph 2 of Schedule 10 to the Taxation of Chargeable Gains Act 1992 and paragraph 3 of Schedule 11 to, and Part VII(8) of Schedule 18 to, the Finance (No. 2) Act 1992, and (prospectively) by section 86(2) of the Finance (No. 2) Act 1987 (c. 51) and section 158(1) of, and Part VIII of Schedule 17 to, the Finance Act 1989.

(6) S.I. 1989/1297, to which there are amendments not relevant to these Regulations.

(7) 1882 c. 61; section 92 was amended by sections 3(1) and 4(4) of the Banking and Financial Dealings Act 1971 (c. 80).

(8) Section 824 was amended by paragraph 7 of Schedule 13 to the Finance Act 1988 (c. 39), sections 110(5), 111(4), 158(2) and 179(1) of, and Parts IV, VIII and X of Schedule 17 to, the Finance Act 1989, and sub-paragraphs (1) and (52) of paragraph 14 of Schedule 10 to the Taxation of Chargeable Gains Act 1992.

the change shall have effect for periods beginning on or after the operative date in relation to interest running from before that date as well as from after that date.

(4) In this Regulation “the relevant time” means—

- (a) in the case of a repayment of an amount which was paid more than twelve months after the end of the year in respect of which the payment was made, the end of the year in which that amount was paid; and
- (b) in any other case, the end of the year after the year in respect of which the payment was made.”.

4. In Regulation 12A of the Principal Regulations⁽⁹⁾, in paragraph (1), there shall be inserted after the words “19th April 1988” the words “for a year not later than the year ended on 5th April 1992”.

16th March 1993

L. J. H. Beighton
C. W. Corlett
Two of the Commissioners of Inland Revenue

(9) Regulation 12A was inserted by S.I. [1988/636](#) and amended by S.I. [1989/1290](#) and [1990/61](#).

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 6th April 1993, amend the provisions of the Income Tax (Sub-contractors in the Construction Industry) Regulations 1975 (as amended) (“the Sub-contractor Regulations”) which relate to interest on any amount which a contractor in the construction industry is liable under the Sub-contractor Regulations to pay to the Inland Revenue but which remains unpaid (“an unpaid amount”).

The central provision relating to interest on an unpaid amount is the new regulation 7C. This applies in relation to 1992—93 and subsequent years of assessment and provides that, where a contractor has not within 14 days after the end of a year of assessment paid to the collector the total amount which he is liable under the Sub-contractor Regulations to pay, the unpaid amount shall (unless a direction is made under regulation 7B(2) or (3)) carry interest at “the prescribed rate” from “the reckonable date” until the date of payment. The expressions “the prescribed rate” and “the reckonable date” are defined in the new regulation.

The existing provisions in the Sub-contractor Regulations which relate to interest on an unpaid amount appear at regulation 12A. These Regulations amend that regulation so that regulation 12A of the Sub-contractor Regulations does not apply to years of assessment later than 1991—92.

The Regulations also provide, in the new regulation 7D, that, where an amount in respect of the year ended 5th April 1993 or any subsequent year is repaid to a contractor after the end of the following year, and after the end of the year in which the amount was paid, the amount repaid shall carry interest at “the prescribed rate” from the “relevant time” until the order for the repayment is issued. The expressions “the prescribed rate” and “the relevant time” are defined in regulation 7D.