
STATUTORY INSTRUMENTS

1995 No. 3224

INCOME TAX

**The Gilt-edged Securities (Periodic Accounting
for Tax on Interest) Regulations 1995**

Made - - - - *11th December 1995*
Laid before the House of
Commons - - - - *11th December 1995*
Coming into force - - *2nd January 1996*

The Treasury, in exercise of the powers conferred on them by section 51B(1) to (4) 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 Gilt-edged Securities (Periodic Accounting for Tax on Interest) Regulations 1995 and shall come into force on 2nd January 1996.

Interpretation

2.—(1) In these Regulations unless the context otherwise requires—

“amount of manufactured gilt interest paid” means an amount specified in regulation 6(5) or, as the case may be, 7(5);

“amount of manufactured gilt interest received” means an amount specified in regulation 6(3) or, as the case may be, 7(3);

“amount of real gilt interest received” means an amount specified in regulation 6(4) or, as the case may be, 7(4);

“the Board” means the Commissioners of Inland Revenue;

“FOTRA securities” means securities issued with the condition mentioned in section 22(1) of the Finance (No. 2) Act 1931⁽²⁾ (securities free of tax for residents abroad);

“manufactured payment” means any payment which for the purposes of Schedule 23A is a payment of manufactured interest, and to which paragraph 3A of that Schedule applies⁽³⁾;

(1) 1988 c. 1; section 51B was inserted by section 78(1) of the Finance Act 1995 (c. 4).

(2) 1931 c. 49.

(3) Schedule 23A was inserted by section 58(2) of, and paragraph 1 of Schedule 13 to, the Finance Act 1991 (c. 31). Paragraph 3A of Schedule 23A was inserted by section 82(2) of the Finance Act 1995 and was brought into effect in relation to payments made on or after 2nd January 1996 by S.I. 1995/2933 (C.63).

Status: This is the original version (as it was originally made).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

“payment on account” shall be construed in accordance with regulation 13(2) or, as the case may be, 14(2);

“the relevant amount of tax” shall be construed in accordance with paragraph (6)(b), (8)(c) or (10) of regulation 13 or paragraph (6)(b), (8)(c) or (14) of regulation 14, as the case may be;

“relevant gilt-edged securities” has the meaning given by section 51B(5);

“relevant payment” means any payment which is a relevant payment for the purposes of Schedule 16;

“relevant year of assessment” has the meaning given by section 51B(6);

“return period” shall be construed in accordance with regulation 5(1).

(2) The Table below indexes other general definitions in these Regulations—

Term defined	Regulation
aggregate amount of excess gilt interest received	8(3)
amount of excess gilt interest paid	8(2)
amount of excess gilt interest received	8(1)
non-resident company	3(5)
relevant company	3(1)
resident company	3(3).

(3) In these Regulations unless the context otherwise requires, any reference to a particular provision, without more, is a reference to that provision of the Income and Corporation Taxes Act 1988.

Relevant companies

3.—(1) This regulation specifies the persons to whom—

(a) payments of interest on relevant gilt-edged securities are made without deduction of tax, and

(b) these Regulations apply;

and any such person is referred to in these Regulations as a “relevant company”.

(2) A relevant company shall be either a resident company or a non-resident company.

(3) For the purposes of these Regulations and except as provided in paragraph (4) below, a resident company is a company within the meaning given by section 832 which is resident within the United Kingdom.

(4) Paragraph (3) above shall not apply to any of the following persons, that is to say—

(a) any body of persons established for charitable purposes only;

(b) a health service body within the meaning given by section 519A(2)(4);

(c) a friendly society carrying on a business all of whose profits are exempt from income tax and corporation tax under section 460(1)(5), 461(1) or 461B(1)(6).

(4) Section 519A was inserted by section 61(1) of the National Health Service and Community Care Act 1990 (c. 19) and amended by article 6 of S.I. 1991/195.

(5) Section 460(1) was amended by paragraph 5(2) of Schedule 9 to the Finance (No. 2) Act 1992 (c. 48).

(6) Section 461B was inserted by paragraph 7 of Schedule 9 to the Finance (No. 2) Act 1992.

(5) For the purposes of these Regulations a non-resident company is a company within the meaning given by section 832 which is not resident in the United Kingdom, but which is carrying on a trade in the United Kingdom through a branch or agency and has a UK representative for the purposes of section 126 of, and Schedule 23 to, the Finance Act 1995(7).

(6) In paragraph (5) above “UK representative” shall be construed in accordance with section 126 of the Finance Act 1995.

Requirement to make returns

4.—(1) A relevant company shall for each of its accounting periods make, in accordance with these Regulations, returns to an officer of the Board of—

- (a) amounts of any payments of interest on relevant gilt-edged securities made to it without deduction of tax, and
- (b) amounts of tax for which it is to be accountable under these Regulations in respect of those payments.

(2) A return required for the purposes of these Regulations may be combined with a return required for the purposes of Schedule 16.

Return periods and due date for returns

5.—(1) A relevant company shall make a return—

- (a) in the case of a company other than a building society, for the periods specified in paragraph (2) below, and
- (b) in the case of a building society, for the periods specified in paragraph (3) below,

and any such period is referred to in these Regulations as a “return period”.

(2) The periods specified in this paragraph are—

- (a) each complete quarter falling within the accounting period, that is to say, each of the periods of three months ending at the end of March, June, September and December which falls within that period;
- (b) each part of the accounting period which is not a complete quarter and ends on the first (or only), or begins immediately after the last (or only), of those dates which falls within the accounting period;
- (c) if none of those dates falls within the accounting period, the whole accounting period.

(3) The periods specified in this paragraph are—

- (a) each complete quarter falling within the accounting period, that is to say, each of the periods of three months ending at the end of May, August, November and February which falls within that period;
- (b) each part of the accounting period which is not a complete quarter and ends on the first (or only), or begins immediately after the last (or only), of those dates which falls within the accounting period;
- (c) if none of those dates falls within the accounting period, the whole accounting period.

(4) A return for any return period specified in this regulation shall be made within 14 days from the end of that period.

Amounts to be shown on returns made by resident companies

6.—(1) This regulation applies in the case of a return made by a resident company for a return period.

(2) The return shall show—

- (a) the aggregate of the amounts specified in paragraphs (3) and (4) below, and
- (b) the amount specified in paragraph (5) below.

(3) The amount specified in this paragraph is the amount of any manufactured payment received by the company in the return period which is income of the company for the purposes of the Corporation Tax Acts.

(4) The amount specified in this paragraph is the amount of any other payment of interest on relevant gilt-edged securities made without deduction of tax to the company in the return period which is income of the company for the purposes of the Corporation Tax Acts.

(5) The amount specified in this paragraph is the amount of any manufactured payment made by or on behalf of the company in the return period in respect of which the company can claim relief, whether by way of deduction in computing profits or gains or by way of deduction or set off against income or total profits.

Amounts to be shown on returns made by non-resident companies

7.—(1) This regulation applies in the case of a return made by a non-resident company for a return period.

(2) The return shall show—

- (a) the aggregate of the amounts specified in paragraphs (3) and (4) below, and
- (b) the amount specified in paragraph (5) below.

(3) The amount specified in this paragraph is the amount of any manufactured payment, other than a manufactured payment in respect of FOTRA securities, received by the company in the return period which is income of that company within the charge to corporation tax by virtue of section 11.

(4) The amount specified in this paragraph is the amount of any other payments of interest on relevant gilt-edged securities, other than FOTRA securities, made without deduction of tax to the company in the return period which is income of that company within the charge to corporation tax by virtue of section 11.

(5) The amount specified in this paragraph is the amount of any manufactured payment, other than a manufactured payment in respect of FOTRA securities, made by or on behalf of the company in the return period in respect of which the company can claim relief for the purposes of corporation tax, whether by way of deduction in computing profits or gains or by way of deduction or set off against income or total profits.

Amounts of excess gilt interest and aggregate amount of excess gilt interest received

8.—(1) Where, for any return period, the aggregate of the amount of manufactured gilt interest received and the amount of real gilt interest received exceeds the amount of manufactured gilt interest paid, the amount of the excess is referred to in these Regulations as an “amount of excess gilt interest received”.

(2) Where, for any return period, the amount of manufactured gilt interest paid exceeds the aggregate of the amount of manufactured gilt interest received and the amount of real gilt interest received, the amount of the excess is referred to in these Regulations as an “amount of excess gilt interest paid”.

(3) Subject to paragraph (4) below, where, at the end of a return period falling within an accounting period, the aggregate of the amounts of manufactured gilt interest received and the amounts of real gilt interest received for return periods which fall within the accounting period exceeds the amounts of manufactured gilt interest paid for return periods which fall within the accounting period, the amount of the excess is referred to in these Regulations as an “aggregate amount of excess gilt interest received”.

(4) Paragraph (3) above does not include any amount of interest in respect of which tax has previously been set off under regulation 10.

Tax for which relevant company accountable

9.—(1) Subject to paragraph (2) below and to regulation 12(2), the amount of income tax for which a relevant company is to be accountable under these Regulations in respect of payments of interest on relevant gilt-edged securities made to it without deduction of tax, shall, for each return period, be income tax at the basic rate for the relevant year of assessment on the amount of excess gilt interest received.

(2) Where the basic rate changes during a return period, the amount of income tax for which a relevant company is to be accountable pursuant to paragraph (1) above for that return period shall be ascertained after considering the period before 6th April separately from the period after 5th April; and “income tax on the aggregate amount of excess gilt interest received” in paragraphs (2) and (3) of regulation 10 and “income tax nominally attributable to the amount of excess gilt interest interest paid” in regulations 11(2) and 12(2) shall be construed accordingly.

(3) Amounts in respect of which there is an obligation on a relevant company to account for income tax under these Regulations shall be treated for the purposes of the Tax Acts as payments on which the company has borne income tax by deduction.

Set off of tax against tax payable in accordance with Schedule 16

10.—(1) This regulation applies in any case where at the end of any return period there is an aggregate amount of excess gilt interest received.

(2) Subject to any claim under paragraph 5 of Schedule 16, the company may claim to have the income tax on the aggregate amount of excess gilt interest received set against any income tax which it is liable to pay under Schedule 16 in respect of relevant payments made by it in that return period.

(3) Subject to paragraph (2) above, the company may claim to have the income tax on the aggregate amount of excess gilt interest received set against any income tax which it was liable to pay under Schedule 16 in respect of relevant payments made by it in previous return periods within the accounting period.

(4) Any claim pursuant to paragraph (2) or (3) above shall be included in the return made under these Regulations for the return period in question, and (where necessary) income tax paid by the company under Schedule 16 and for that accounting period and before the claim is allowed shall be repaid accordingly.

Set off against tax for previous return periods

11.—(1) Subject to regulation 10, this regulation applies in any case where for any return period there is an amount of excess gilt interest paid.

(2) The company may claim to have the income tax nominally attributable to the amount of excess gilt interest paid set against any income tax which the company was liable to pay under these Regulations for a previous return period falling within the same accounting period.

(3) Any claim pursuant to paragraph (2) above shall be included in a return made under these Regulations for the return period in question, and (where necessary) income tax paid by the company

under these Regulations and for that accounting period and before the claim is allowed shall be repaid accordingly.

Carry forward of tax on excess gilt interest paid

12.—(1) Subject to regulation 11, this regulation applies in any case where, for any return period other than the final return period within an accounting period, there is an amount of excess gilt interest paid.

(2) Any income tax for which the company would otherwise be accountable under regulation 9 for subsequent return periods within the accounting period shall be reduced by the income tax nominally attributable to the amount of excess gilt interest paid.

Payments on account and special returns—relevant companies other than building societies

13.—(1) This regulation applies in the case of a relevant company other than a building society.

(2) Each year, the company shall, on or before 14th March, make a special return to an officer of the Board, in such form as the Board may prescribe or approve, in respect of the period specified in paragraph (4) below (“the special return period”) showing, subject to paragraphs (5) to (8) below, the amount of income tax at the basic rate for the relevant year of assessment on the amount of excess gilt interest received for which the company will be accountable under these Regulations for the special return period, computed to the best of the company’s judgment (the “payment on account”).

(3) The payment on account shall be due at the time by which the special return is to be made, and sub-paragraphs (a) and (b) of regulation 16(1) shall apply to the sum so due.

(4) The special return period is—

- (a) in a case where an accounting period of the company (“the earlier accounting period”) ends during March (otherwise than at the end of the month), a period consisting of—
 - (i) the final return period for the earlier accounting period (“the earlier period”), and
 - (ii) a period beginning immediately after the end of the earlier accounting period and ending at the end of March (“the later period”); and
- (b) in any other case, the return period ending at the end of March.

(5) The payment on account shall be computed without reference—

- (a) to any claim which the company may be entitled to make pursuant to paragraph 5 of Schedule 16 or paragraph 1A(1) of Schedule 19AB⁽⁸⁾ (as inserted by regulation 6 of the Insurance Companies (Gilt-edged Securities) (Periodic Accounting for Tax on Interest) Regulations 1995⁽⁹⁾ (“paragraph 1A(1)”), or
- (b) to any set off which the company may be entitled to claim pursuant to regulation 10 or 11.

(6) In relation to a special return period in a case where paragraph (4)(a) above applies, the payment on account shall be separately computed in relation to the earlier period and the later period; and

- (a) in this regulation the amount of tax for which the company is accountable under these Regulations for the earlier period is referred to as “the earlier relevant amount of tax” and the amount of tax for which the company is accountable under these Regulations for the later period is referred to as “the later relevant amount of tax”, and

⁽⁸⁾ Schedule 19AB was inserted by Schedule 8 to the Finance Act 1991 (c. 31), and amended by section 103(2)(h) of, and Part III(9) of Schedule 23 to, the Finance Act 1993 (c. 34) and by paragraph 12(1)(b) of Schedule 8 to the Finance Act 1995.

⁽⁹⁾ S.I. 1995/3223

(b) for the purposes of these Regulations “the relevant amount of tax” means, subject to paragraphs (8) and (11) below, the aggregate of the earlier relevant amount of tax and the later relevant amount of tax.

(7) Where, by 14th April, no part of the payment on account has been paid, the company shall be treated as having computed, to the best of its judgment, that the amount of income tax at the basic rate for the relevant year of assessment on the amount of excess gilt interest received for which the company will be accountable under these Regulations for the special return period is zero.

(8) Where, in relation to a special return period in a case where paragraph (4)(a) above applies, no part of the payment on account has been paid by the due date in relation to the earlier period but a payment on account has been paid by the due date in relation to the later period—

- (a) the company shall be treated, in relation to the earlier period as having computed, to the best of its judgment, that the amount of income tax for the relevant year of assessment on the amount of excess gilt interest received for which the company will be accountable under these Regulations for the earlier period is zero,
- (b) to the extent that the payment on account has been paid before the due date for the later period, it shall, accordingly, be set against the later relevant amount of tax, and
- (c) for the purposes of these Regulations “the relevant amount of tax” means the later relevant amount of tax.

(9) Where, in relation to a special return period in a case where paragraph (4)(a) above applies, the payment on account, to the extent that it has been paid before the due date for the earlier period, shall be set against the earlier relevant amount of tax and the later relevant amount of tax.

(10) Where, in relation to a special return period in a case where paragraph (4)(b) above applies, the payment on account, to the extent that it has been paid before 14th April, shall be set against the amount of tax for which the company is accountable under these Regulations for the return period ending on 31st March; and for the purposes of these Regulations “the relevant amount of tax” means, subject to paragraph (11) below, that amount of tax.

(11) The relevant amount of tax and (where necessary) the earlier relevant amount of tax and the later relevant amount of tax shall be computed without reference to any claim which the company may be entitled to make under paragraph 1A(1).

(12) If the amount of the payment on account paid exceeds the relevant amount of tax, the amount of the excess shall be repayable.

Payments on account and special returns—relevant companies which are building societies

14.—(1) This regulation applies in the case of a relevant company which is a building society.

(2) Each year, the company shall, on or before 14th March, make a special return to an officer of the Board, in such form as the Board may prescribe or approve, in respect of a period consisting of the month of March (“the special return period”) showing, subject to paragraphs (4) to (7) below, the amount of income tax at the basic rate for the relevant year of assessment on the amount of excess gilt interest received for which the company will be accountable under these Regulations for the special return period, computed to the best of the company’s judgment (the “payment on account”).

(3) The payment on account shall be due at the time by which the special return is to be made, and sub-paragraphs (a) and (b) of regulation 16(1) shall apply to the sum so due.

(4) The payment on account shall be computed without reference—

- (a) to any claim which the company may be entitled to make pursuant to paragraph 5 of Schedule 16, or
- (b) to any set off which the company may be entitled to claim pursuant to regulation 10 or 11.

(5) In a case where an accounting period of the company (“the earlier accounting period”) ends during March (otherwise than at the end of the month) the payment on account shall be separately computed in relation to—

- (a) the final return period for the earlier accounting period (“the earlier period”), and
- (b) a period beginning immediately after the end of the earlier accounting period and ending at the end of March (“the later period”).

(6) Where paragraph (5) above applies—

- (a) the amount of tax for which the company is accountable under these Regulations for the earlier period is referred to in this regulation as “the earlier relevant amount of tax” and the amount of tax for which the company is accountable under these Regulations for the later period is referred to in this regulation as “the later relevant amount of tax”, and
- (b) for the purposes of these Regulations “the relevant amount of tax” means, subject to paragraph (8) below, the aggregate of the earlier relevant amount of tax and the later relevant amount of tax.

(7) Where, by 14th April, no part of the payment on account has been paid, the company shall be treated as having computed, to the best of its judgment, that the amount of income tax at the basic rate for the relevant year of assessment on the amount of excess gilt interest received for which the company will be accountable under these Regulations for the special return period is zero.

(8) Where, in relation to a special return period in a case where paragraph (5) above applies, no part of the payment on account has been paid by the due date in relation to the earlier period but a payment on account has been paid by the due date in relation to the later period—

- (a) the company shall be treated, in relation to the earlier period as having computed, to the best of its judgment, that the amount of income tax for the relevant year of assessment on the amount of excess gilt interest received for which the company will be accountable under these Regulations for the earlier period is zero,
- (b) to the extent that the payment on account has been paid before the due date for the later period, it shall, accordingly, be set against the later relevant amount of tax, and
- (c) for the purposes of these Regulations “the relevant amount of tax” means the later relevant amount of tax.

(9) Subject to paragraph (10) below, the company shall, by 14th April, make a further special return to an officer of the Board (a “special reconciliation return”) in respect of the period specified in paragraph (11) below (“the special reconciliation return period”).

(10) Paragraph (9) above does not apply where—

- (a) an accounting period of the company ends at the end of March, or
- (b) the company is not accountable for any income tax under these Regulations for the special reconciliation return period and the company has not made a payment on account—
 - (i) in a case where paragraph (5) above applies, in respect of the later period, or
 - (ii) in a case where paragraph (5) above does not apply, in respect of the special return period.

(11) The special reconciliation return period is—

- (a) in a case where an accounting period of the company ends during March (otherwise than at the end of the month), a period beginning immediately after the end of that accounting period and ending at the end of March, and
- (b) in any other case, a period consisting of the month of March.

(12) The special reconciliation return shall show—

- (a) the amounts specified in regulation 6 in respect of the special reconciliation return period, and
- (b) the amount of income tax at the basic rate for the relevant year of assessment on the amount of excess gilt interest received for which the company is accountable under these Regulations for the special reconciliation return period in respect of payments of interest on relevant gilt-edged securities made to it without deduction of tax.

(13) Where, in relation to a special return period in a case where paragraph (5) above applies, the payment on account, to the extent that it has been paid before the due date for the earlier period, shall be set against the earlier relevant amount of tax and the later relevant amount of tax.

(14) Where, in relation to a special return period in a case where paragraph (5) above does not apply, the payment on account, to the extent that it has been paid before 14th April, shall be set against the amount of tax for which the company is accountable under these Regulations for the special reconciliation return period; and for the purposes of these Regulations “the relevant amount of tax” means that amount of tax.

(15) If the amount of the payment on account paid exceeds the relevant amount of tax, the amount of the excess shall be repayable.

(16) An amount of income tax for which the company is accountable under these Regulations in respect of the special reconciliation return period and which has been paid by the due date for the return for the next return period shall be set against the amount of income tax for which the company is accountable under these Regulations for the next return period.

(17) Where the amount of income tax paid in respect of the special reconciliation return period exceeds the amount of income tax for which the company is accountable under these Regulations for the next return period, the excess shall be repayable.

Consequences of set off

15.—(1) Income tax set against other tax under regulation 10 shall be treated as repaid.

(2) Income tax set against other tax under regulation 13 or 14 shall be treated as an amount paid in respect of income tax for which the company is accountable under regulation 9.

(3) The same tax shall not be taken into account both under these Regulations and under section 7(2)(**10**) or 11(3)(**11**).

Payment of tax

16.—(1) Income tax in respect of any payment required to be included in a return under these Regulations shall be due at the time by which the return is to be made, and income tax so due—

- (a) shall be payable by the relevant company without the making of any assessment; and
- (b) may be assessed on the company (whether or not it has been paid when the assessment is made) if it, or any part of it, is not paid on or before the due date.

(2) If it appears to the inspector that there is a payment of relevant gilt interest to a relevant company which ought to have been but has not been included in a return, or if the inspector is dissatisfied with any return, he may make an assessment on the company to the best of his judgment; and any income tax due under an assessment made by virtue of this paragraph shall be treated for the purposes of interest on unpaid tax as having been payable at the time when it would have been payable if a correct return had been made.

(10) Section 7(2) was amended by section 98(2) of, and Part V of Schedule 19 to, the Finance Act 1990 (c. 29).

(11) Section 11(3) was amended by section 98(4) of, and Part V of Schedule 19 to, the Finance Act 1990, and by Part III(9) of Schedule 23 of the Finance Act 1993.

Collection proceedings following claims

17.—(1) Where a claim has been made under regulation 10 or 11, no proceedings for collecting tax which would fall to be discharged if the claim were allowed shall be instituted pending the final determination of the claim, but this paragraph shall not affect the date when the tax is due.

(2) When the claim is finally determined any tax underpaid in consequence of paragraph (1) above shall be paid.

(3) Where proceedings are instituted for collecting tax assessed, or interest on tax assessed, under any provision of regulation 16, effect shall not be given to any claim made after the institution of the proceedings so as to affect or delay the collection or recovery of the tax charged by the assessment or of interest thereon, until the claim has been finally determined.

(4) When the claim is finally determined any tax overpaid in consequence of paragraph (3) above shall be repaid.

(5) References in this regulation to proceedings for the collection of tax include references to proceedings by way of distraint or poinding for tax.

Assessments and due date of tax

18.—(1) All the provisions of the Income Tax Acts as to the time within which an assessment may be made, so far as they refer or relate to the year of assessment for which an assessment is made, or the year to which an assessment relates, shall apply in relation to any assessment under these Regulations notwithstanding that, under these Regulations, the assessment may be said to relate to a quarter or other period which is not a year of assessment, and the provisions of section 36 of the Taxes Management Act 1970(12) as to the circumstances in which an assessment may be made out of time shall apply accordingly on the footing that any such assessment relates to the year of assessment in which the quarter or other period ends.

(2) Income tax assessed on a company under these Regulations shall be due within 14 days after the issue of the notice of assessment (unless due earlier under regulation 16(1)).

(3) Paragraph (2) above has effect subject to any appeal against the assessment, but no such appeal shall affect the date when tax is due under regulation 16(1).

(4) On the determination of an appeal against an assessment under these Regulations any tax overpaid shall be repaid.

(5) Any tax assessable under any one or more of the provisions of these Regulations may be included in one assessment if the tax so included is all due on the same date.

Interest payable on amounts of tax unpaid

19.—(1) Any amounts of tax which have become due under these Regulations shall carry interest at the specified rate from the date when the amounts become due until payment.

(2) Without prejudice to the generality of paragraph (1) above, where in any year—

(a) the payment on account has not been paid, or has not been paid in full, by 14th March, or

(b) the relevant amount of tax exceeds the amount of the payment on account,

the amount unpaid or, as the case may be, the amount of the excess, shall carry interest at the specified rate for the specified period.

(12) 1970 c. 9; section 36 was substituted by section 149(1) of the Finance Act 1989 (c. 26) and amended by paragraph 4(1) of Schedule 11 to the Finance Act 1990 (c. 29) and paragraph 9(2) of Schedule 5 to the Finance (No. 2) Act 1992.

(3) In this regulation “the specified rate” means the rate applicable under section 178 of the Finance Act 1989(13) for the purposes of section 87 of the Taxes Management Act 1970(14).

(4) In paragraph (2) above “the specified period” means the period from 14th March until either payment or

- (a) in a case where paragraph (4)(a) of regulation 13 applies and in relation to the earlier period referred to in that paragraph, the due date in relation to the earlier period,
- (b) in a case where paragraph (5) of regulation 14 applies and in relation to the earlier period referred to in that paragraph, the due date in relation to the earlier period, or
- (c) in any other case, 14 April,

whichever first occurs.

(5) Any sum to which this regulation applies shall carry interest from the due date even if that date is a non-business day within the meaning of section 92 of the Bills of Exchange Act 1882(15).

Interest payable where payment on account excessive

20.—(1) This regulation applies in any case where the payment on account paid exceeds the relevant amount of tax.

(2) Section 826(16) (interest on corporation tax overpaid) shall not apply to a repayment of the amount of the excess, but that amount shall carry interest in accordance with the provisions of this regulation at the specified rate for the period from the opening date until the date on which it is repaid.

(3) In this regulation “the specified rate” means the rate determined in accordance with paragraphs (4) to (7) below.

(4) Subject to paragraph (5) below, the specified rate shall be 4.5 per cent. per annum.

(5) Where, on a reference date occurring after 2nd January 1996, the reference rate found on that date differs from the established rate, the specified rate shall, on and after the next operative date, be the percentage per annum found by applying the formula specified in paragraph (6) below; and, if the result is not a multiple of one quarter, rounding the result down to the nearest amount which is such a multiple.

(6) The formula specified is—

$$(RR - 1) \left(\frac{100 - BR}{100} \right),$$

where

RR is the reference rate referred to in paragraph (5) above and BR is the percentage at which income tax at the basic rate is charged for the year of assessment in which the reference date referred to in that paragraph falls.

(7) In this regulation “established rate”, “operative date”, “reference date” and “reference rate” shall be construed in accordance with the Taxes (Interest Rate) Regulations 1989(17).

(13) 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.

(14) Section 87 was substituted by paragraph 10 of Schedule 24 to the Finance Act 1972 (c. 41) and amended by section 46(3) of the Finance (No. 2) Act 1975 (c. 45), paragraph 32 of Schedule 29 to the Income and Corporation Taxes Act 1988 (c. 1), and sections 158(1) and 179(1)(b) of, and Part VIII of Schedule 17 to, the Finance Act 1989.

(15) 1882 c. 61; section 92 was amended by sections 3(1) and 4(4) of the Banking and Financial Dealings Act 1971 (c. 80).

(16) Section 826 was amended by section 180(6) of the Finance Act 1989, paragraph 23 of Schedule 15 to the Finance Act 1991, paragraph 10 of Schedule 14 and paragraph 5 of Schedule 18 to the Finance Act 1993, paragraph 20 of Schedule 16 to the Finance Act 1994, paragraphs 11 and 12 of Schedule 24 to the Finance Act 1995, and (prospectively) by paragraph 42 of Schedule 19 to the Finance Act 1994.

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

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

(8) In this regulation “the opening date” means 14th March or the date on which the payment on account is paid, whichever is the later.

(9) Any sum to which this regulation applies shall carry interest from the opening date even if that date is a non-business day within the meaning of section 92 of the Bills of Exchange Act 1882⁽¹⁵⁾.

Saving

21. Nothing in these Regulations shall be taken to prejudice any powers conferred by the Income Tax Acts for the recovery of income tax by means of an assessment or otherwise.

11th December 1995

Simon Burns
Derek Conway
Two of the Lords Commissioners of Her
Majesty’s Treasury

⁽¹⁵⁾ 1882 c. 61; section 92 was amended by sections 3(1) and 4(4) of the Banking and Financial Dealings Act 1971 (c. 80).

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 51A(1) of the Income and Corporation Taxes Act 1988 (“the 1988 Act”), inserted by section 77 of the Finance Act 1995 (“the 1995 Act”), provides that, in certain circumstances, interest on gilt-edged securities shall be paid without deduction of income tax and that the interest so paid shall be chargeable under Case III of Schedule D. Section 51B of the 1988 Act, inserted by section 78(1) of the 1995 Act, provides that the Treasury may by regulations provide that persons to whom payments of interest on gilt-edged securities are made without deduction of tax (“gross payments”) shall make periodic returns to an officer of the Commissioners of Inland Revenue. These Regulations exercise the powers conferred on the Treasury by section 51B of the 1988 Act.

Regulation 1 provides for citation and commencement, and regulation 2 for interpretation.

Regulation 3 specifies the persons (resident and non-resident companies) who are required to make periodic returns in accordance with the Regulations.

Regulation 4 provides for a company to make returns of amounts of any gross payments it receives and of amounts of tax for which it is to be accountable under these Regulations in respect of those payments.

Regulation 5 specifies periods for which returns are to be made; and any such period is called a “return period” in these Regulations. The regulation also provides that a return for any return period specified in this regulation shall be made within 14 days from the end of that period.

Regulation 6 makes provision for the payments which are to be shown in a return made by a resident company; and regulation 7 makes corresponding provision in the case of a non-resident company.

Regulation 8 defines an “amount of excess gilt interest received”, an “amount of excess gilt interest paid” and an “aggregate amount of excess gilt interest received”.

Regulation 9 provides that a company shall be accountable for income tax at the basic rate on the amount of excess gilt interest received for each return period. The regulation also provides that amounts in respect of which there is an obligation to account for tax under these Regulations shall be treated for the purposes of the Tax Acts as payments on which a company has borne income tax by deduction.

Regulation 10 provides that, in certain circumstances, the company may claim that income tax on the aggregate amount of excess gilt interest received shall be set against income tax which it is liable to pay under Schedule 16 to the 1988 Act.

Regulation 11 provides that, in certain circumstances, a company may claim that income tax nominally attributable to an amount of excess gilt interest paid may be set against income tax on amounts for which it is liable to account for previous return periods; and regulation 12 that, in certain circumstances, a company shall carry forward income tax nominally attributable to an amount of excess gilt interest paid to the next return period.

Regulation 13 provides for a company which is not a building society to make a special return in respect of a special return period which includes the month of March, showing the estimated amount of income tax for which it is accountable under these regulations (“the payment on account”). Regulation 14 makes corresponding provision in the case of a company which is a building society, and also provides for such a company to make a further special reconciliation return.

Regulation 15 provides that income tax set against other tax under these Regulations cannot also be taken into account under section 7(2) or 11(3) of the 1988 Act.

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

Regulation 16 provides that tax shall be due at the time by which the return is to be made, and makes provision for assessments to be made on a company if an inspector is dissatisfied with a return.

Regulation 17 makes provision relating to collection proceedings in connection with claims made under these Regulations.

Regulation 18 provides for the provisions of the Income Tax Acts to apply to an assessment made under these Regulations.

Regulation 19 makes provision for interest to be payable on certain amounts, and regulation 20 for interest to be paid to a company where the payment on account exceeds the relevant amount of tax due under these Regulations.

Regulation 21 provides that nothing in these Regulations shall prejudice any powers conferred by the Income Tax Acts for the recovery of tax.