
STATUTORY INSTRUMENTS

1996 No. 1181

INCOME TAX

**The Gilt-edged Securities (Periodic Accounting for
Tax on Interest) (Amendment No. 2) Regulations 1996**

<i>Made</i>	- - - -	<i>29th April 1996</i>
<i>Laid before the House of Commons</i>	- - - -	<i>30th April 1996</i>
<i>Coming into force</i>	- -	<i>21st May 1996</i>

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) and paragraph 4 of Schedule 6 to the Finance Act 1996(2), hereby make the following Regulations:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Gilt-edged Securities (Periodic Accounting for Tax on Interest) (Amendment No. 2) Regulations 1996 and shall come into force on 21st May 1996.

(2) These Regulations have effect in relation to all payments of interest on relevant gilt-edged securities made without deduction of tax on or after 6th April 1996.

Interpretation

2. In these Regulations “the principal Regulations” means the Gilt-edged Securities (Periodic Accounting for Tax on Interest) Regulations 1995(3), and “regulation” means a regulation of those Regulations.

Amendments to the principal Regulations

3. In regulation 9(1)—

- (a) for the words “paragraph (2)” there shall be substituted the words “paragraphs (2) and (2A)”;
- (b) for the words “basic rate” there shall be substituted the words “lower rate”.

(1) 1988 c. 1; section 51B was inserted by section 78(1) of the Finance Act 1995 (c. 4) and amended by paragraph 4(1) of Schedule 6 to the Finance Act 1996 (c. 8).
(2) 1996 c. 8.
(3) S.I. 1995/3224, to which there are amendments not relevant to these Regulations.

4. In regulation 9(2) for the words “Where the basic rate” there shall be substituted the words “Subject to paragraph (2A) below, where the lower rate”.

5. After regulation 9(2) there shall be inserted the following paragraph—

“(2A) In the case of a return period which begins before but includes 6th April 1996, 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 1996 separately from the period after 5th April 1996; 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 paid” in regulations 11(2) and 12(2) shall be construed accordingly.”

6. In regulations 13(2), 13(7), 14(2), 14(7) and 14(12) for the words “basic rate” there shall be substituted the words “lower rate”.

Simon Burns

Liam Fox

Two of the Lords Commissioners of Her
Majesty’s Treasury

29th April 1996

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Gilt-edged Securities (Periodic Accounting for Tax on Interest) Regulations 1995 (S.I.1995/3224) to take account of an amendment made to section 51B of the Income and Corporation Taxes Act 1988 by paragraph 4 of Schedule 6 to the Finance Act 1996 (c. 8) which provides for interest to be charged to tax at the lower rate instead of at the basic rate in relation to the year 1996-97 and subsequent years of assessment.

These Regulations have effect in relation to all payments of interest on relevant gilt-edged securities made without deduction of tax on or after 6th April 1996; and an additional paragraph (paragraph (2A)) has been inserted in regulation 9 to provide for the case of a return period which begins before, but includes, 6th April 1996. Authority for the retrospective effect of these Regulations is given by paragraph 4(2) of Schedule 6 to the Finance Act 1996.