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STATUTORY INSTRUMENTS

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**1997 No. 369**

**INCOME TAX**

**The Income Tax (Charge to Tax) (Payments out of Surplus Funds) (Relevant Rate) Order 1997**

<i>Made</i>	- - - -	<i>17th February 1997</i>
<i>Laid before the House of Commons</i>	- - - -	<i>18th February 1997</i>
<i>Coming into force</i>	- -	<i>6th April 1997</i>

The Treasury, in exercise of the powers conferred on them by section 599A(4) of the Income and Corporation Taxes Act 1988<sup>(1)</sup>, hereby make the following Order:

1. This Order may be cited as the Income Tax (Charge to Tax) (Payments out of Surplus Funds) (Relevant Rate) Order 1997 and shall come into force on 6th April 1997.

2. The relevant rate for the purposes of section 599A(2) of the Income and Corporation Tax Act 1988 shall, in relation to payments made on or after 6th April 1997, be 33 per cent.

17th February 1997

*Richard Ottaway*  
*Gyles Brandreth*  
Two of the Lords Commissioners of Her Majesty's Treasury

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(1) 1988 c. 1; section 599A was inserted by paragraph 12 of Schedule 6 to the Finance Act 1989 (c. 26).

**Status:** This is the original version (as it was originally made).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

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## EXPLANATORY NOTE

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

Section 599A of the Income and Corporation Taxes Act 1988 (“section 599A”) (as inserted by paragraph 12 of Schedule 6 to the Finance Act 1989) provides, in subsection (2), that where a payment of surplus additional voluntary contributions is returned to an employee or to his personal representatives, the administrator of the scheme shall be charged to income tax under Case VI of Schedule D at the relevant rate on such amount as, after deduction of tax at that rate, would equal the amount of the payment. Subsection (3) of section 599A provides that, subject to subsection (4) of that section, the relevant rate shall be 35 per cent. Subsection (4) of section 599A provides that the Treasury may by order from time to time increase or decrease the relevant rate.

For all years of assessment since section 599A was enacted the relevant rate has been a percentage 10 per cent. higher than the percentage at which income tax at the basic rate has been charged. (The Income Tax (Charge to Tax) (Payments out of Surplus Funds) (Relevant Rate) Order 1996 (S.I.1996/830) provided for the relevant rate to be 34 per cent. in relation to payments made on or after 6th April 1996.) For the 1997-98 year of assessment it is envisaged that income tax will be charged at the basic rate of 23 per cent. This Order accordingly reduces the relevant rate to 33 per cent.