
STATUTORY INSTRUMENTS

2011 No. 22

**The Dormant Bank and Building Society
Accounts (Tax) Regulations 2011**

Amendment of the Income Tax (Deposit-takers and Building Societies) (Interest Payments) Regulations 2008

7. After regulation 4 (gross payments) insert—

“Dormant accounts – postponement of obligation to deduct sum representing income tax

4A.—(1) Section 851 does not apply to a payment of interest in respect of a relevant dormant account before the time (if any) at which the balance of the account is paid out to the holder of the relevant dormant account following a repayment claim (such payment being referred to in this regulation as the repayment claim being “settled”), subject to paragraph (4).

(2) In paragraph (3) and regulation 4B, the period between—

- (a) the time when a dormant account first becomes a relevant dormant account, and
- (b) the time at which a repayment claim to the balance of the account is settled,

is referred to, in relation to the account, as the “relevant dormant period.”

(3) Where a repayment claim to the balance of a dormant account is settled, all interest paid or credited to the account, or included in the balance of the account, during and at the end of the relevant dormant period, shall be treated for the purposes of section 851—

- (a) as paid at the time the repayment claim is settled; and
- (b) as if the account were at that time an investment, and a relevant investment for the purposes of Chapter 2 of Part 15 of ITA 2007 (deduction by deposit-takers and building societies).

(4) Section 851 does not apply to a payment of interest in respect of a relevant dormant account which, at the time it first became a relevant dormant account, was a plan provided for by regulations made under Chapter 3 of Part 6 of ITTOIA 2005 (individual investment plans).

4B. The duty to deduct a sum representing income tax under section 874 of ITA 2007 (duty to deduct from certain payments of yearly interest) does not apply to a payment of interest in respect of a relevant dormant account, made by or through a reclaim fund, deposit-taker or building society, during or at the end of the relevant dormant period for the account.”