



# Income and Corporation Taxes Act 1970

## 1970 CHAPTER 10

### PART V

#### SCHEDULE C, AND GENERAL PROVISIONS ABOUT GOVERNMENT SECURITIES

##### *The Schedule C charge*

#### 93 Schedule C

The Schedule referred to as Schedule C is as follows:—

##### “SCHEDULE C

- 1 Tax under this Schedule shall be charged in respect of all profits arising from public revenue dividends payable in the United Kingdom in any chargeable period.
- 2 Tax under this Schedule shall also be charged in respect of profits arising from public revenue dividends payable in the Republic of Ireland in any chargeable period, being dividends on securities of the United Kingdom Government entered in the register of the Bank of Ireland in Dublin.
- 3 Where a banker or any other person in the United Kingdom obtains payment of any overseas public revenue dividends by means of coupons received from any other person or otherwise on his behalf, tax under this Schedule shall be charged in respect of the dividends.
- 4 Where—
  - (a) any banker in the United Kingdom sells or otherwise realises coupons for any overseas public revenue dividends, and pays over the proceeds to any person or carries them to his account, or
  - (b) any dealer in coupons in the United Kingdom purchases any such coupons as aforesaid otherwise than from a banker or another dealer in coupons,

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tax under this Schedule shall be charged in respect of the proceeds of the sale or other realisation.

- 5 Notwithstanding anything in paragraphs 1 to 4 above, where any half-yearly payment in respect of any dividend entrusted to the Bank of England or the Bank of Ireland for payment and distribution, or which is payable by the National Debt Commissioners or of which they have the distribution, does not exceed 50 shillings, it shall not be charged under this Schedule, but shall be assessed and charged under Case III of Schedule D:

Provided that this paragraph does not apply to any payment obtained by means of a coupon in respect of a bond to bearer or stock certificate.”

#### **94 Income tax: mode of charge**

- (1) Income tax under Schedule C shall be charged by the Board, and shall be paid on behalf of the persons entitled to the profits, dividends or proceeds which are the subject of the tax—
- (a) in the case of tax charged under paragraph 1 of that Schedule, by the persons and bodies of persons respectively entrusted with payment,
  - (b) in the case of tax charged under paragraph 2 of that Schedule, by the Bank of England, and
  - (c) in the case of tax charged under paragraph 3 or 4 of that Schedule, by the banker or other person, or by the banker or dealer in coupons, as the case may be.
- (2) Schedule 5 to this Act shall have effect in relation to the assessment, charge and payment of income tax under Schedule C.

*Government securities: exemptions from tax*

#### **95 United Kingdom savings certificates**

- (1) The accumulated interest payable in respect of any national or war savings certificate issued by the Treasury through the Post Office or under the auspices of the Director of Savings, being a certificate under which the purchaser, by virtue of an immediate payment, becomes entitled after the expiry of a specified period to receive some greater sum, shall not be liable to tax so long as the amount of the certificates held by the person who is for the time being the holder of the certificate does not exceed the amount which an individual is for the time being authorised to hold under regulations made by the Treasury.
- (2) Where the currency of any national or war savings certificate has been extended under any Act, subsection (1) above shall apply with respect to any interest payable in respect of the certificate for the period after the expiry of the period referred to in that subsection up to the date on which it is repaid or redeemed as it applies to the said accumulated interest.

#### **96 Ulster savings certificates held by persons resident and domiciled in Northern Ireland**

- (1) The provisions of section 95 above giving relief from tax in respect of the accumulated interest payable in respect of national savings certificates shall extend to the

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accumulated interest payable in respect of any Ulster savings certificates issued by the Government of Northern Ireland and held by persons resident and domiciled in Northern Ireland, whether issued for the same price, and whether maturing for payment on the expiry of the same period, as national savings certificates or not, and whether the sum payable on maturity is the same as in the case of national savings certificates or not.

(2) A claim under this section shall be made to the Board.

## **97 Ulster savings certificates issued to persons resident in Northern Ireland**

(1) Subject to subsections (2) and (3) below, there shall be exempt from tax the accumulated interest payable in respect of any such savings certificates issued by the Government of Northern Ireland as are declared by regulations made by the Treasury to be certificates the proceeds of the sale of which have been made available to Her Majesty's Government in the United Kingdom.

(2) The exemption conferred by subsection (1) above shall not extend to the interest on any certificate unless the person beneficially entitled to the certificate when it was issued was then resident in Northern Ireland.

(3) If, at the date of the encashment of any certificates to which subsection (1) above applies, the total savings certificate holding of the person beneficially entitled to the certificates encashed, computed in the prescribed manner, exceeds the prescribed limit, the said exemption—

- (a) shall not extend to the interest on the encashed certificates unless the encashment thereof brings the total savings certificate holding of that person, computed as aforesaid, below the prescribed limit, and
- (b) shall then extend only to the interest on so much of the encashed certificates as is equal to the amount by which the said total holding, so computed, is brought by the encashment below the prescribed limit.

In this subsection "the total savings certificate holding" means, in relation to a person, his total holding of certificates to which subsection (1) above applies and savings certificates issued by the Treasury through the Post Office or under the auspices of the Director of Savings, and "prescribed" means prescribed by regulations made by the Treasury.

(4) A claim under this section shall be made to the Board.

(5) Nothing in this section shall deprive any person of any exemption from tax under section 96 above.

(6) Any power conferred by this section to make regulations shall be exercisable by statutory instrument.

## **98 Tax reserve certificates**

Tax shall not be chargeable in respect of the interest on tax reserve certificates issued by the Treasury,

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## **99 United Kingdom government securities held by nonresidents**

- (1) Where the Treasury (whether before or after the passing of this Act) issue any securities which they have power to issue for the purpose of raising any money or any loan with a condition that the interest thereon shall not be liable to income tax so long as it is shown that the securities are in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom, the interest on securities issued with such a condition shall, subject to subsection (3) below, be exempt from tax accordingly.
- (2) A claim under this section shall be made to the Board.
- (3) Where any income of any person is, by virtue of any provision of the Tax Acts (and in particular, but without prejudice to the generality of the preceding words, by virtue of Chapter III of Part XVII of this Act) to be deemed to be income of any other person, that income is not exempt from tax as being derived from a security issued by the Treasury with any condition regulating the treatment of the interest thereon for tax purposes by reason of the first-mentioned person not being ordinarily resident, or being neither domiciled nor ordinarily resident, in the United Kingdom.

## **100 Securities of foreign states held by non-residents**

- (1) Subject to subsection (3) below, no tax shall be chargeable in respect of dividends payable in the United Kingdom on the securities of any state or territory outside the United Kingdom, or in respect of any dividends or proceeds chargeable apart from this subsection under paragraph 3 or 4 of Schedule C, if it is proved, on a claim in that behalf made to the Board, that the person owning the securities and entitled to the dividends or proceeds is not resident in the United Kingdom.
- (2) Where securities are held under a trust, and the person who is the beneficiary in possession under the trust is the sole beneficiary in possession and can, by means either of the revocation of the trust or of the exercise of any powers under the trust, call upon the trustees at any time to transfer the securities to him absolutely free from any trust, that person shall, for the purposes of subsection (1) above, be deemed to be the person owning the securities.
- (3) Where any income of any person is, by virtue of any provision of the Tax Acts (and in particular, but without prejudice to the generality of the preceding words, by virtue of Chapter III of Part XVII of this Act) to be deemed to be income of any other person, that income is not exempt from tax by virtue of this section by reason of the first-mentioned person not being resident in the United Kingdom.

*Government securities: payment of interest without deduction of income tax, and other provisions*

## **101 United Kingdom securities: Treasury directions for payment without deduction**

- (1) The Treasury may direct that any of the following securities, that is to say—
  - (a) any securities issued under the War Loan Acts 1914 to 1919, or under section 60 of the Finance Act 1916, and
  - (b) any securities issued, or deemed to be issued, under the National Loans Act 1939, or issued under the National Loans Act 1968,
  - (c) any Government stock issued under section 1 of the Bank of England Act 1946, section 1 of the Cable and Wireless Act 1946, section 65(1) of the Town

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and Country Planning Act 1947, or section 62(1) of the Town and Country Planning (Scotland) Act 1947, and

(d) any such stock as is mentioned in section 33(1) of the Coal Industry Nationalisation Act 1946, or section 26(1) of the Iron and Steel Act 1967,

shall be issued, or shall be deemed to have been issued, subject to the condition that the interest thereon shall be paid without deduction of income tax; and, subject to the provisions of this section, the interest shall be so paid accordingly, but shall be chargeable under Case III of Schedule D.

- (2) The holder of any registered securities the interest on which is, by virtue of directions given under subsection (1) above, payable without deduction of tax may make an application to the Bank under this subsection requesting that income tax shall be deducted from the interest on those securities before payment thereof; and where any such application is made, income tax in respect of the interest on those securities shall, so long as they remain registered in the name of the person making the application and subject to the withdrawal of the application under subsection (4) below, be deducted and charged in the same manner as if they were not securities to which the said subsection (1) applied.
- (3) An application under subsection (2) above shall be in such form as the Bank with the approval of the Treasury may prescribe, and any application made less than two months before the date on which any interest is payable shall only have effect as regards any payment of interest subsequent to the payment falling due on that date.
- (4) An application made under the said subsection (2) may at any time be withdrawn by notice to the Bank in such form as the Bank with the approval of the Treasury may prescribe, but an application so withdrawn shall, notwithstanding the withdrawal, continue to have effect as regards any interest payable less than two months after the date on which the notice is received at the Bank.
- (5) Where any securities to which subsection (2) above applies are held upon trust, the holders of the securities may make an application under that subsection in respect thereof without the consent of any other person, notwithstanding anything in the instrument creating the trust.
- (6) In this section " the Bank " means the Bank of England or the Bank of Ireland as the case requires, and " registered " means entered in the register of the Bank.

## **102 Treasury directions as respects Northern Ireland securities**

- (1) The Treasury on the application of the Ministry of Finance for Northern Ireland may, as respects any securities to which this section applies, direct that the securities specified in the direction shall be issued, or shall be deemed to have been issued, subject to the condition that the interest thereon shall be paid without deduction of income tax; and, in relation to any securities so specified and the interest thereon, section 101 above shall have effect as if—
- (a) the securities were securities in respect of which a direction had been given by the Treasury under subsection (1) of that section,
- (b) references in that section to " the Bank " were (notwithstanding subsection (6) thereof) references to the bank in the books of which the securities are registered or inscribed, and
- (c) the references in subsections (3) and (4) of that section to the Treasury were references to the said Ministry of Finance.

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- (2) The securities to which this section applies are securities issued under section 11(1)(c) of the Exchequer and Financial Provisions Act (Northern Ireland) 1950 for money borrowed by the said Ministry of Finance for the purposes of making issues from the Consolidated Fund of Northern Ireland.

### **103 Information to be given where interest paid without deduction**

Where interest on any securities issued subject to the condition that interest is payable without deduction of tax is paid without deduction of tax, any person by whom such interest is paid, and any person who receives on behalf of any other person, being a registered or inscribed holder of any such security, any interest so paid without deduction of tax, and any person who has acted as intermediary in the purchase of any securities on which the interest is payable without deduction of tax, shall, on being so required by the Board, furnish to them—

- (a) the names and addresses of the persons to whom such interest has been paid, or on whose behalf such interest has been received, or on whose behalf such securities have been purchased, and
- (b) the amount of the interest so paid or received, or the amount of the securities so purchased.

### **104 Taxation of interest on converted government securities, and interest which becomes subject to deduction**

- (1) Where the income which any individual is required under the Income Tax Acts to include in a statement of his total income for any year includes both—
- (a) interest received without deduction of income tax in respect of government securities (in this section referred to as "original securities") which have been exchanged for any other government securities (in this section referred to as "substituted securities"), and
  - (b) interest taxed by deduction in respect of such substituted securities, and the amount of the interest so included exceeds the full amount of the interest for a complete year on the original securities,
- then, if that individual so requires, the excess—
- (i) shall not be taken into account in ascertaining his total income for that year for the purposes of income tax, but
  - (ii) shall nevertheless be chargeable to income tax for that year at such rate or rates, and subject to such reliefs, if any, as would be applicable if the excess constituted the highest part of an income equal, subject to section 529 of this Act, to the amount of his total income exclusive of the excess.
- (2) Where an application is made under section 101(2) of this Act with respect to any securities, subsection (1) above shall have effect as if, during the period in which the interest on those securities was paid without deduction of income tax, those securities were original securities within the meaning of the said subsection (1), and as if thereafter they were substituted securities within the meaning of that subsection.

### **105 Subscriptions by banks to war loans**

Any bank carrying on a bona fide banking business in the United Kingdom shall be relieved, by repayment or otherwise, from tax under Schedule C in respect of the interest on any securities which the bank proves to represent subscriptions by the bank

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to any government loan issued for the purposes of the war which was being carried on at the time of the passing of the Income Tax Act 1918, and the bank shall include the amount of any such interest in the computation of its profits or gains for the purpose of assessment under Case I of Schedule D.

*Miscellaneous and supplemental*

**106 Exemption for stock and dividends in name of Treasury etc.**

- (1) No tax shall be chargeable in respect of the stock or dividends transferred to accounts in the books of the Bank of England in the name of the Treasury or the National Debt Commissioners in pursuance of any Act of Parliament, but the Bank of England shall transmit to the Board an account of the total amount thereof.
- (2) No tax shall be chargeable in respect of the stock or dividends belonging to the Crown, in whatever name they may stand in the books of the Bank of England.
- (3) Gains shall not be chargeable gains if accruing on the disposal of stock to which subsection (1) or (2) above applies.

**107 Interpretation**

In this Part of this Act—

" dividends " means any interest, public annuities, dividends or shares of annuities,

" public revenue ", except where the context otherwise requires, includes the public revenue of any government whatsoever, and the revenue of any public authority or institution in any country outside the United Kingdom,

" public revenue dividends " means dividends payable out of any public revenue,

" overseas public revenue dividends " means public revenue dividends payable elsewhere than in the United Kingdom (whether they are also payable in the United Kingdom or not) out of any public revenue other than the public revenue of the United Kingdom,

" banker " includes a person acting as a banker, and

" coupons ", and " coupons for any overseas public revenue dividends ", include warrants for or bills of exchange purporting to be drawn or made in payment of any overseas public revenue dividends.