



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART III

PROVISIONS RELATING TO THE SCHEDULE C CHARGE AND GENERAL PROVISIONS ABOUT GOVERNMENT SECURITIES

Government securities: interest payable without deduction of tax

50 United Kingdom securities: Treasury directions for payment without deduction of tax

- (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;
 - (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 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.

Status: This is the original version (as it was originally enacted).

- (3) 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 applicant and subject to the withdrawal of the application under subsection (5) below, be deducted and charged in the same manner as if they were not securities to which subsection (1) above applied.
- (4) An application under subsection (2) above shall be made 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 a payment of interest falls due shall only have effect as regards any payment of interest subsequent to that payment.
- (5) An application made under subsection (2) above may at any time be withdrawn by notice to the Bank in such form as the Bank may with the approval of the Treasury 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 the notice is received at the Bank.
- (6) Where any securities to which subsection (2) above applies are held on 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.
- (7) 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.

51 Treasury directions as respects Northern Ireland securities

- (1) The Treasury may, on the application of the Department of Finance and Personnel, 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 50 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 (7) of that section) references to the bank in the books of which the securities are registered or inscribed; and
 - (c) the references in subsections (4) and (5) of that section to the Treasury were references to the Department of Finance and Personnel.
- (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 Department of Finance and Personnel for the purposes of making issues from the Consolidated Fund of Northern Ireland.

52 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 (“the original securities”) which have been exchanged for any other government securities (“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—
- (i) the excess shall not be taken into account in ascertaining his total income for that year for the purposes of income tax, but
 - (ii) the excess 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 it constituted the highest part of an income equal, subject to section 833(3), to the amount of his total income exclusive of the excess.
- (2) Where an application is made under section 50(2) with respect to any securities, subsection (1) above shall have effect as if—
- (a) during the period in which the interest on those securities was paid without deduction of income tax, those securities were original securities, and
 - (b) during any later period, they were substituted securities.