



# Finance Act 1990

## 1990 CHAPTER 29

### PART II

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER I

#### GENERAL

#### *Savings*

#### **28 Tax-exempt special savings accounts.**

(1) After section 326 of the Taxes Act 1988 there shall be inserted—

**“326A Tax-exempt special savings accounts.**

- (1) Subject to the provisions of section 326B, any interest or bonus payable on a deposit account in respect of a period when it is a tax-exempt special savings account shall not be regarded as income for any income tax purpose.
- (2) An account is a “tax-exempt special savings account” for the purposes of this section if the conditions set out in subsections (3) to (9) below and any further conditions prescribed by regulations made by the Board are satisfied when the account is opened; and subject to section 326B it shall continue to be such an account until the end of the period of five years beginning with the day on which it is opened, or until the death of the account-holder if that happens earlier.
- (3) The account must be opened on or after 1st January 1991 by an individual aged 18 or more.

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- (4) The account must be with a building society or an institution authorised under the Banking Act 1987.
- (5) The account must be identified as a tax-exempt special savings account and the account-holder must not simultaneously hold any other such account (with the same or any other society or institution).
- (6) The account must not be a joint account.
- (7) The account must not be held on behalf of a person other than the account-holder.
- (8) The account must not be connected with any other account held by the account-holder or any other person; and for this purpose an account is connected with another if—
  - (a) either was opened with reference to the other, or with a view to enabling the other to be opened on particular terms, or with a view to facilitating the opening of the other on particular terms, and
  - (b) the terms on which either was opened would have been significantly less favourable to the holder if the other had not been opened.
- (9) There must not be in force a notice given by the Board to the society or institution prohibiting it from operating new tax-exempt special savings accounts.

### **326B Loss of exemption for special savings accounts.**

- (1) A tax-exempt special savings account shall cease to be such an account if at any time after it is opened any of the conditions set out in subsections (4) to (8) of section 326A, or any further condition prescribed by regulations made by the Board, is not satisfied, or if any of the events mentioned in subsection (2) below occurs.
- (2) The events referred to in subsection (1) above are—
  - (a) the deposit of more than £3,000 in the account during the period of 12 months beginning with the day on which it is opened, more than £1,800 in any of the succeeding periods of 12 months, or more than £9,000 in total;
  - (b) a withdrawal from the account which causes the balance to fall below an amount equal to the aggregate of—
    - (i) all the sums deposited in the account before the time of the withdrawal, and
    - (ii) an amount equal to income tax at the basic rate on any interest or bonus paid on the account before that time (and for this purpose the basic rate in relation to any interest or bonus is the rate that was the basic rate when the interest or bonus was paid);
  - (c) the assignment of any rights of the account-holder in respect of the account, or the use of such rights as security for a loan.
- (3) If at any time an account ceases to be a tax-exempt special savings account by virtue of subsection (1) above, the Income Tax Acts shall have effect as if immediately after that time the society or institution had credited to the

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account an amount of interest equal to the aggregate of any interest and bonus payable in respect of the period during which the account was a tax-exempt special savings account.

### **326C Tax-exempt special savings accounts: supplementary.**

- (1) The Board may make regulations—
  - (a) prescribing conditions additional to those set out in section 326A which must be satisfied if an account is to be or remain a tax-exempt special savings account;
  - (b) making provision for the giving by the Board to building societies and other institutions of notices prohibiting them from operating new tax-exempt special savings accounts, including provision about appeals against the giving of notices;
  - (c) requiring building societies and other institutions operating or proposing to operate tax-exempt special savings accounts to give information or send documents to the Board or to make documents available for inspection;
  - (d) making provision as to the transfer of tax-exempt special savings accounts from one building society or institution to another;
  - (e) generally for supplementing the provisions of sections 326A and 326B.
- (2) The reference in section 326A to a deposit account shall be taken to include a reference to a share account with a building society, and accordingly that section, section 326B and subsection (1) above shall apply to such an account with the necessary modifications.”
- (2) In the Table in section 98 of the <sup>M1</sup>Taxes Management Act 1970 (penalties for failure to comply with notices etc), in each column, before “regulations under section 333” there shall be inserted— “regulations under section 326C; ”.
- (3) In section 149B of the <sup>M2</sup>Capital Gains Tax Act 1979, for subsection (4) there shall be substituted—
  - “(4) Any bonus to which section 326 (certified contractual savings schemes) or 326A (tax-exempt special savings accounts) of the Taxes Act 1988 applies shall be disregarded for all purposes of the enactments relating to capital gains tax.”

#### **Marginal Citations**

**M1** 1970 c. 9.

**M2** 1979 c. 14.

## **29 Extension of SAYE.**

In section 326 of the Taxes Act 1988 (income tax relief for SAYE)—

- (a) in subsection (1), after paragraph (b) there shall be inserted the words “or
- (c) in respect of money paid to an institution authorised under the Banking Act 1987,”;

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- (b) in that subsection, for the words “be disregarded” onwards there shall be substituted the words “not be regarded as income for any income tax purpose.”;
- (c) in subsection (2), after the words “building society” there shall be inserted the words “or an institution authorised under the Banking Act 1987”; and
- (d) after subsection (3) there shall be inserted—
  - “(4) In this section “certified contractual savings scheme” means, in relation to an institution authorised under the Banking Act 1987, a scheme—
    - (a) providing for periodical contributions by individuals for a specified period, and
    - (b) certified by the Treasury as corresponding to a scheme certified under subsection (2) above, and as qualifying for exemption under this section.”

### **30 Building societies.**

Schedule 5 to this Act (which contains provisions relating to building societies, deposit-takers and investors) shall have effect.

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