

1990 No. 2231

INCOME TAX

The Income Tax (Building Societies) (Dividends and Interest) Regulations 1990

<i>Made - - - -</i>	<i>8th November 1990</i>
<i>Laid before the House of Commons</i>	<i>9th November 1990</i>
<i>Coming into force</i>	<i>30th November 1990</i>

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by section 477A(1) of the Income and Corporation Taxes Act 1988 (a), and paragraph 16 of Schedule 5 to the Finance Act 1990(b), hereby make the following Regulations:

Citation, commencement and effect

1. These Regulations may be cited as the Income Tax (Building Societies) (Dividends and Interest) Regulations 1990, shall come into force on 30th November 1990 and shall have effect with respect to the year 1991-92 and subsequent years of assessment.

Interpretation

2. In these Regulations unless the context otherwise requires—

“the Board” means the Commissioners of Inland Revenue;

“dividend” means any distribution in respect of investments including any qualifying distribution as defined for the purposes of the Corporation Tax Acts and whether described as a dividend or otherwise;

“exempt friendly society” means a registered friendly society exempt from income tax and corporation tax under the provisions of sections 460 and 461 of the Taxes Act;

“general client account deposit” means a deposit held by a building society in a client account (other than one which is identified by the building society as one in which sums are held only for one or more particular clients of the person whose account it is) in respect of which that person is required by provision made under any enactment to make payments representing interest to some or all of the clients for whom, or on whose account, he received the sums deposited in the account;

“gross payment” means a payment falling within any of the descriptions in regulation 4;

“inspector” includes any officer of the Board;

“investment” includes any shareholding, deposit or loan;

“investor” means the holder of an account with a building society in relation to which a payment of a dividend or interest in respect of an investment is made;

“notice” means notice in writing;

“payment” (except in relation to a payment to the Board) includes “credit” and “paid” shall be construed accordingly;

(a) 1988 c.1; section 477A was inserted by paragraph 4 of Schedule 5 to the Finance Act 1990 (c.29).

(b) 1990 c.29.

“payment quarter” means a period of three months ending with the last day of February, May, August or November;

“qualifying certificate of deposit” has the meaning given by section 482(6) of the Taxes Act^(a) with the substitution of the words “building society” for the word “deposit-taker”;

“qualifying time deposit” in relation to interest paid on a deposit made before 6th April 1991 has the meaning given by regulation 2(1) of the 1986 Regulations^(b), but otherwise has the meaning given by section 482(6) of the Taxes Act;

“the 1986 Regulations” mean the Income Tax (Building Societies) Regulations 1986^(c);

“the Taxes Act” means the Income and Corporation Taxes Act 1988;

“year” means a year beginning with 6th April in any year and ending with 5th April in the following year.

Deduction and payment of income tax

3.—(1) In the cases prescribed by paragraph (2) a building society shall, on making any payment of a dividend or interest in respect of shares in, or deposits with or loans to, the society, deduct out of the payment a sum representing the amount of income tax on it for the year in which the payment was made, and shall account for and pay to the Board in accordance with regulation 10 the sum which it was liable to deduct.

(2) The cases prescribed by this paragraph are all payments of dividends or interest in respect of an investment other than gross payments.

Gross payments

4.—(1) A gross payment is a payment by a building society of a dividend or interest in respect of an investment which at the time of payment falls within any of the following descriptions—

- (a) a payment to an individual beneficially entitled to the payment or to individuals jointly so entitled (including a Scottish partnership, all the partners in which are individuals), being an individual or individuals not ordinarily resident in the United Kingdom;
- (b) a payment to trustees of a trust in the income of which no person has an interest apart from—
 - (i) an individual who is not ordinarily resident in the United Kingdom, or
 - (ii) a Scottish partnership, all the partners in which are such individuals;
- (c) a payment to personal representatives in respect of an investment forming part of a deceased person’s estate which was beneficially owned by the deceased, being an individual not ordinarily resident in the United Kingdom at the time of his death (or in respect of an investment representing that investment or dividends or interest thereon);
- (d) a payment to a charity in respect of which exemption is granted under section 505(1)(c) of the Taxes Act;
- (e) a payment to an exempt friendly society;
- (f) a payment to an exempt approved scheme in respect of the whole of the income of which exemption is allowed under section 592(2) of the Taxes Act;
- (g) a payment to a company resident in the United Kingdom, which is a 51 per cent. subsidiary of the building society making the payment, where the building society and the company have jointly elected that any such payments shall be made gross and the election is in force at the time of the payment;
- (h) a payment of interest on a bank loan;
- (i) a payment of interest made to a building society on a loan made by a building society;
- (j) a payment in respect of a qualifying certificate of deposit or a qualifying time deposit;

^(a) Section 482(6) was amended by paragraph 9(2) and (3) of Schedule 5 to the Finance Act 1990.

^(b) The definition in regulation 2(1) was amended by regulation 3(c) of S.I. 1987/844 and by regulation 3(b) of S.I. 1989/36.

^(c) S.I. 1986/482; amended by S.I. 1987/844, 1988/1011 and 1989/36.

- (k) a payment for the purposes of approved personal pension arrangements as defined in section 630 of the Taxes Act;
 - (l) a payment in respect of a general client account deposit;
 - (m) a payment of interest in respect of a quoted Eurobond where the circumstances specified in section 124(1) of the Taxes Act apply;
 - (n) a payment to or for the benefit of an individual ordinarily resident in the United Kingdom or two or more such individuals jointly in circumstances where the conditions prescribed by regulations 5, 6 and 8 and, where applicable, regulation 9 are fulfilled.
- (2) An election under paragraph (1)(g)–
- (a) shall be made by notice to the inspector which shall set out the facts necessary to show that the building society and the company are entitled to make the election,
 - (b) shall cease to be in force if at any time the building society and the company cease to be entitled to make the election and, on that happening the building society and the company shall forthwith notify the inspector, and
 - (c) may be revoked at any time by notice given to the inspector by either the building society or the company making the election; and any such notice shall have effect from the time it is given.
- (3) For the purposes of paragraph (1)(g)–
- (a) a company shall be treated as a 51 per cent. subsidiary of a building society if and so long as more than 50 per cent. of its ordinary share capital is owned directly or indirectly by the building society;
 - (b) subject to sub-paragraph (c), a building society shall be treated as owning share capital directly or indirectly in a company if it would be so treated for the purposes of section 838 of the Taxes Act; and
 - (c) for the purpose of sub-paragraph (a), a building society shall be treated as not being the owner–
 - (i) of any share capital which it owns directly or indirectly in a company which is not resident in the United Kingdom, or
 - (ii) of any share capital which it owns indirectly and which is owned directly by a company for which a profit on the sale of the shares would be a trading receipt.
- (4) Elections made pursuant to regulation 6(1)(ff) of the 1986 Regulations (a) shall have effect as if made pursuant to paragraph (1)(g) of this regulation.
- (5) For the purposes of paragraph (1)(n) and subject to paragraph (6), where the conditions prescribed by regulations 5, 6 and 8 and, where applicable, regulation 9 are fulfilled, a building society may, on receipt of the certificate referred to in regulation 5, refund to the investor an amount corresponding to the tax deducted from payments of dividends and interest previously made in the year and shall, on a written application made to the Board, recover a like amount of tax paid in respect of those payments to the amount refunded to the investor.
- (6) Paragraph (5) shall not apply where in any year a statement relating to that year has been furnished by the building society to the investor pursuant to section 352 of the Taxes Act (b) prior to receipt of the certificate referred to in regulation 5.

Certificate of non-liability to tax

5.—(1) Paragraph (2) of this regulation and regulations 6, 8 and 9 prescribe conditions which, if fulfilled, enable a gross payment within paragraph (1)(n) of regulation 4 to be made.

(2) The conditions prescribed by this paragraph are–

- (a) that a certificate is supplied to the building society to the effect that the person beneficially entitled to the payment of a dividend or interest (in this paragraph referred to as “the payment”) is unlikely to be liable to pay any amount by way of income tax for the year in which the payment is made;

(a) Sub-paragraph (ff) of regulation 6(1) was inserted by regulation 4 of S.I. 1987/844.

(b) Section 352(1) was amended by paragraph 11 of Schedule 5 to the Finance Act 1990.

- (b) subject to sub-paragraph (c), that the certificate is given by—
 - (i) an investor who was aged 16 or over at the beginning of the year in which the payment is made and who is beneficially entitled to the payment; or
 - (ii) the parent or guardian of a person beneficially entitled to the payment where that person is under the age of 16 at the beginning of the year in which the payment is made; or
 - (iii) a person beneficially entitled to the payment where that person is under the age of 16 at the beginning of the year in which the payment is made but will attain that age during the year; or
 - (iv) the donee of a power of attorney authorising him to administer the financial affairs of a person beneficially entitled to the payment;
- (c) that the certificate is not given or supplied in circumstances where—
 - (i) the provisions of section 663 of the Taxes Act (a) apply to the payment, or
 - (ii) the account to which the certificate, if given, would relate is specified in a notice which has been issued under regulation 6(3)(d) and which has not been cancelled;
- (d) that the certificate is given and supplied to the building society—
 - (i) where paragraph (i), (ii) or (iv) of sub-paragraph (b) applies, before the end of the year in which the payment is made, or
 - (ii) where paragraph (iii) of sub-paragraph (b) applies, before the end of the year in which the person beneficially entitled to the payment attains the age of 16; and
- (e) that the certificate is given on a form provided by the Board which contains—
 - (i) the information specified in the Schedule to these Regulations, and
 - (ii) an undertaking by the person giving it that if he, being the person beneficially entitled to the payment, or the person so entitled becomes liable to pay any amount by way of income tax for the year in which the payment is made, he will notify the building society in writing accordingly, specifying the account to which the certificate relates together with the account number and, where necessary for identifying the account, the branch of the building society where the account is held.

Certificate ceasing to be valid

6.—(1) The condition prescribed by this regulation is that the certificate referred to in regulation 5 continues in full force and effect and has not ceased to be valid.

(2) A certificate ceases to be valid in any of the circumstances specified in paragraph (3).

(3) The circumstances specified in this paragraph are—

- (a) the receipt by the building society of information by way of a notification pursuant to regulation 5(2)(e)(ii) that the person beneficially entitled to a payment of a dividend or interest arising on an account specified in the notification has become liable to pay an amount by way of income tax for the year in which the payment is made;
- (b) in the case of a certificate given under regulation 5(2)(b)(ii), the ending of the year in which the person beneficially entitled to the payment attains the age of 16;
- (c) the failure by a person who has given a certificate under regulation 5(2)(b)(iii), but is not the holder of the account to which the certificate relates, to become the holder before the first payment of a dividend or interest after the end of the year in which he attains the age of 16;
- (d) where the Board, having reason to believe that a person beneficially entitled to a payment of a dividend or interest is or has become liable to pay an amount by way of income tax, by notice require a building society to deduct tax pursuant to regulation 3 from payments of dividends or interest which—
 - (i) are made in respect of an account which is held by or on behalf of that person and which, together with the account number and, where necessary for identifying the account, the branch of the building society where the account is held, is specified in the notice, and

(a) Section 663(4) was amended by section 82 of the Finance Act 1990.

- (ii) are made to or for the benefit of that person after the expiry of a period of 30 days following the date of issue of the notice;
- (e) notification is received by the building society that the person by whom or on whose behalf the certificate was given has died.

Consequences of notice under regulation 6(3)(d)

7.—(1) Where the Board issue a notice under regulation 6(3)(d)—

- (a) they shall at the same time send a copy to the person referred to in the notice;
- (b) subject to paragraphs (2) and (3), no further certificate under regulation 5 may be given by or on behalf of the person referred to in the notice in respect of an account specified in the notice;
- (c) the building society may at its option deduct tax pursuant to regulation 3 from payments of dividends or interest referred to in regulation 6(3)(d) which are made within the period of 30 days referred to in that regulation.

(2) If the Board are satisfied, as a result of information received following the issue of a notice under regulation 6(3)(d), that the person referred to in the notice either—

- (i) was not liable at the date of the notice, and has not since become liable, to pay an amount by way of income tax, or
- (ii) is no longer liable to pay such an amount,

they shall cancel the notice and give notice of the cancellation to the building society and the person referred to in the notice under regulation 6(3)(d).

(3) Where a notice of cancellation is issued by the Board under paragraph (2), a further certificate may be given in accordance with the conditions of regulation 5 by or on behalf of the person referred to in the notice under regulation 6(3)(d).

Obsolescent accounts

8.—(1) The condition prescribed by this regulation is that, subject to paragraphs (3) and (4), a payment of a dividend or interest arising on an account held with a building society is not a payment in respect of which a written application has been made to the Board by the building society in the circumstances specified in paragraph (2) to the effect that, notwithstanding the provisions of regulations 5 and 9, the payment should be made under deduction of tax pursuant to regulation 3.

(2) The circumstances specified in this paragraph are where—

- (a) the account to which the payment relates is of a class which, prior to 6th April 1991, had ceased to be available to a person desiring to open a new account;
- (b) the application, which may relate to more than one such class of account—
 - (i) gives sufficient particulars of each such class to enable the Board to determine whether the application is validly made, and
 - (ii) is made not less than 30 days before the first date after 5th April 1991 on which a payment of a dividend or interest arising on any account to which the application relates is to be made.

(3) An application under paragraph (1) shall be of no effect if within 30 days after receipt of the application the Board notify the building society concerned that, having regard to paragraph (2), they are not satisfied that the application is validly made.

(4) A building society may by notice to the Board—

- (a) cancel an application made under paragraph (1), or
- (b) vary the application so that it ceases to relate to certain accounts;

and where the application is so cancelled or varied, the condition prescribed by this regulation shall cease to apply to payments of dividends or interest arising on accounts to which the application formerly related and made after the date of the notice.

Joint accounts

9.—(1) The conditions prescribed by this regulation apply where more than one person is beneficially entitled to a payment of a dividend or interest arising on an account held with a building society.

(2) The prescribed conditions are that—

(a) a certificate referred to in regulation 5 is given by or on behalf of—

- (i) each person beneficially entitled to the payment of a dividend or interest, or
- (ii) one or more (but not all) of such persons individually; and

(b) a notice under paragraph (6) relating to the payment of a dividend or interest—

- (i) has not been given to the Board by the building society, or
- (ii) has been so given and has subsequently been cancelled by the building society under paragraph (7).

(3) Where the condition in paragraph (2)(a)(i) was satisfied but a certificate has ceased to be valid at any time by reason of the occurrence of one of the circumstances specified in sub-paragraph (a), (b), (c) or (d) of regulation 6(3), this paragraph shall apply in relation to a payment of a dividend or interest made—

(a) after that time, or

(b) where sub-paragraph (d) of regulation 6(3) applies—

- (i) after the expiry of a period of 30 days following the date of issue of the notice referred to in that sub-paragraph, or
- (ii) after such date falling within that period as the building society may at its option determine.

(4) Subject to paragraph (6), where the condition in paragraph (2) (a)(ii) is satisfied or paragraph (3) applies, for the purposes of these Regulations and of deduction of tax pursuant to regulation 3, it shall be assumed that each person is beneficially entitled in equal shares to the payment of a dividend or interest and accordingly—

(a) payment of so much of the dividend or interest as by virtue of this paragraph corresponds to the share of any person by or on behalf of whom a certificate was given shall be made without deduction of tax pursuant to paragraph (1)(n) of regulation 4, and

(b) payment of the remainder of the dividend or interest shall be made under deduction of tax pursuant to regulation 3.

(5) Tax deducted from a payment within paragraph (4)(b) shall, for all the purposes of the Income Tax Acts, be treated as income tax paid by the person or persons to whom the payment is treated as being made.

(6) A building society may by notice inform the Board of its intention that, in circumstances where the condition in paragraph (2)(a)(ii) is satisfied or paragraph (3) applies, the whole of a payment of a dividend or interest referred to in the notice shall be made under deduction of tax pursuant to regulation 3 and, subject to paragraph (7), where such notice is given paragraph (4) shall not apply and tax shall accordingly be deducted by the building society from any payment to which the notice relates and which is made after the date of the notice.

(7) A building society may by notice to the Board (in this paragraph referred to as “the cancellation notice”) cancel a notice given under paragraph (6) and, where a notice is cancelled, paragraph (4) shall apply to any payment of a dividend or interest to which the notice formerly related and which is made after the date of the cancellation notice.

Collection of amounts representing income tax payable by building societies

10.—(1) The like provisions as are contained in Schedule 16 to the Taxes Act (“the Schedule 16 provisions”) shall have effect for the purposes of these Regulations but with the modifications specified in the following paragraphs of this regulation.

(2) Any payment by a building society of the following descriptions is, for the purposes of the Schedule 16 provisions, a relevant payment—

(a) a payment of a dividend or interest to which regulation 3 applies;

(b) a payment of a dividend or interest made after 28th February 1991 and before 6th April 1991 to which regulation 3 of the 1986 Regulations applied.

(3) The Schedule 16 provisions shall have effect in relation to any such relevant payment—

- (a) with the substitution for any reference to a company of a reference to a building society;
- (b) as if the amount payable to the Board in respect of any relevant payment made before 6th April 1991 were income tax in respect of the relevant payment;
- (c) with the omission of paragraph 1 of that Schedule;
- (d) with the substitution for paragraphs (a) to (c) of paragraph 2(2) of that Schedule of the words—

“(a) each complete payment quarter within the accounting period, beginning with the payment quarter ending 31st May 1991;

(b) each part of an accounting period (other than an accounting period ending on or before 22nd March 1991) being a part which begins after February 1991 and which is not a complete payment quarter.”; and

- (e) as if paragraph 5 of that Schedule had effect only in relation to payments—
 - (i) which are received by the building society after February 1991,
 - (ii) which fall to be taken into account in computing its income chargeable to corporation tax, and
 - (iii) in respect of which no claim has previously been made under that paragraph as modified by regulation 7(3)(e) of the 1986 Regulations.

(4) Tax which by virtue of this regulation is assessable in accordance with the Schedule 16 provisions is tax assessable in accordance with those provisions for the purposes of section 87 of the Taxes Management Act 1970 (a).

Declarations by investors

11.—(1) A building society may not treat an investment, or any payment of a dividend or interest in respect of it (in this paragraph and in paragraph (2) referred to as “the payment”), as being within the provisions of sub-paragraphs (a) to (f) or sub-paragraph (k) of paragraph (1) of regulation 4 unless it has received from the investor a declaration in writing which can reasonably be taken to indicate that, at the time of the payment, those provisions apply.

(2) An individual referred to in sub-paragraphs (a) to (c) of paragraph (1) of regulation 4 as not ordinarily resident in the United Kingdom may not be treated as such unless a declaration in writing has been made by that individual or, where sub-paragraph (c) applies, by his personal representatives to the building society that—

- (a) where sub-paragraph (a) or (b) applies, at the time the declaration is made he is not ordinarily resident in the United Kingdom and that he will inform the building society if he becomes so ordinarily resident; or
- (b) where sub-paragraph (c) applies, the individual was not ordinarily resident in the United Kingdom at the time of his death;

but where the declaration does not give the address of the person making the declaration it shall be supported by a certificate given by the building society.

(3) Every declaration and certificate shall be made on a form provided by the Board.

(4) A building society shall be entitled to act upon a declaration so made unless or until it is in possession of information which can reasonably be taken to indicate that the provisions of regulation 4 specified in paragraphs (1) or (2) are not or might not be applicable.

(5) A building society shall, on being so required by notice given to it by the inspector, make any declaration and any certificate to which the notice refers available for inspection by the inspector or by a named officer of the Board, within such time as may be specified in the notice.

(6) The inspector or officer to whom they are to be made available shall be entitled to take copies of, or make extracts from, any declaration or certificate.

(a) 1970 c.9; section 87 was substituted by section 111 of, and paragraph 10 of Schedule 24 to, the Finance Act 1972 (c.41); the section as substituted was amended by section 46(3) of the Finance (No. 2) Act 1975 (c.45), by section 62(1) and (2) of the Finance Act 1980 (c.48), by section 844(1) of, and paragraph 32 of Schedule 29 to, the Income and Corporation Taxes Act 1988 (c.1) and by section 179(1) of the Finance Act 1989 (c.26).

(7) Every declaration and every certificate to which this regulation refers shall be preserved by a building society, in such manner as may be approved by the Board, for two years after it has ceased to be otherwise required under the provisions of this regulation.

(8) Declarations and certificates made pursuant to regulation 8 of the 1986 Regulations (a) shall have effect as if made pursuant to the provisions of this regulation.

Returns of dividend and interest payments

12. The like provisions as are contained in section 17 of the Taxes Management Act 1970 (b) (interest paid or credited by banks, etc.) shall have effect in relation to a building society as if—

- (a) references to interest included references to dividends within the meaning of these Regulations; and
- (b) after the words “trade or business of banking” in subsection (1) there were inserted the words “or of a building society”.

Information to be provided to the Board – gross payments

13.—(1) This regulation applies to payments of dividends or interest by building societies made without deduction of tax in accordance with regulation 4(1)(n) and regulations 5 to 9 (in paragraph (2) referred to as “the gross payments regulations”), including payments made partly without and partly under deduction of tax pursuant to regulation 9(4).

(2) The Board may by notice in writing require any building society to furnish them, within such time (not being less than 14 days) as may be provided by the notice, such information (including copies of any relevant books, documents or other records) as they may reasonably require for the purposes of the gross payments regulations and, in particular, for—

- (a) verifying payments of dividends or interest by building societies made without deduction of tax in accordance with regulation 4(1)(n); and
- (b) determining whether a person has given or supplied a certificate in compliance with the conditions of regulation 5.

Information to be provided to the Board – net payments

14.—(1) This regulation applies to payments of dividends or interest by a building society to which regulation 3 applies.

(2) The Board may by notice require any building society to furnish them, within such time (not being less than 14 days) as may be provided by the notice, such information relating to amounts of dividends or interest paid by the building society to which this regulation applies and to tax deducted by the building society from such payments in accordance with regulation 3 as they may reasonably require for verifying the amount of tax so deducted.

(3) The information which may be required by the Board under paragraph (2) shall include copies of any relevant books, documents or other records of the building society, not being records from which the identity of an investor can be ascertained.

Inspection of records

15.—(1) Every building society shall, whenever required to do so, make available for inspection by an officer of the Board authorised for that purpose, at such time as that officer may reasonably require, all such books, documents and other records in its possession or under its control as may be required by the Board under regulations 13 and 14.

(a) Regulation 8(1) was amended by regulation 4 of S.I. 1988/1011.

(b) 1970 c.9; section 17 was amended by section 123(2) of the Finance Act 1988 (c.39) and by section 92 of the Finance Act 1990.

(2) Every certificate supplied to a building society pursuant to regulation 5 shall be preserved by the building society in such manner as may be approved by the Board for two years after it has ceased to be otherwise required under the provisions of these Regulations.

Use of information

16.—(1) Subject to paragraph (2) information obtained by the Board under regulation 13, 14 or 15—

(a) shall not be used for the purpose of ascertaining the tax liability (if any) of any person other than—

(i) a person beneficially entitled to a payment of a dividend or interest within regulation 13 to whom the information obtained relates, and

(ii) the building society; and

(b) shall otherwise be used only for the purposes of these Regulations.

(2) Paragraph (1) shall not be construed as preventing any disclosure of information within section 182(5) of the Finance Act 1989.

A. J. G. Isaac

T. J. Painter

8th November 1990

Two of the Commissioners of Inland Revenue

SCHEDULE

Regulation 5(2)(e)(i)

The information referred to in regulation 5 (2)(e)(i) is—

- (a) the name, permanent residential address including post code, and date of birth of the person beneficially entitled to the payment;
- (b) save where the Board indicate in a particular case that this information is not required, the national insurance number of a person within paragraph (a) and aged 16 or over at the beginning of the year in which the payment is made who, at any time within the period of three years ending with the date on which a certificate is signed, has been liable to pay Class 1 or Class 2 contributions within the meaning of section 1(2) of the Social Security Act 1975^(a);
- (c) the following details relating to the investor's account held with the building society to which the certificate relates—
 - (i) the name of the building society;
 - (ii) the branch of the building society where the account is held, if the account cannot otherwise be identified;
 - (iii) the account number.

^(a) 1975 c.14.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, made under section 477A(1) of the Income and Corporation Taxes Act 1988 ("the 1988 Act") and paragraph 16 of Schedule 5 to the Finance Act 1990, prescribe the cases in which a building society is required to deduct income tax from any dividend or interest paid or credited in any year of assessment in respect of shares in, or deposits with or loans to, the society, and to account for and pay income tax deducted to the Board.

The Regulations also specify cases in which payments may be made by a building society without deduction of income tax and make provision for the collection of income tax payable by a society under these Regulations and, in respect of a transitional period, under the Income Tax (Building Societies) Regulations 1986 (S.I. 1986/482) ("the 1986 Regulations"). The Regulations also provide for the making of elections, declarations and certificates by investors as a condition of receiving certain gross payments, for the making of returns by a building society in connection with payments of dividends or interest, and for the furnishing of information to, and inspection of documents by, the Board for the purposes of these Regulations.

Regulation 1 provides for citation, commencement and effect.

Regulation 2 contains definitions.

Regulation 3 prescribes the cases in which a building society shall deduct and account for income tax in respect of payments of dividends or interest.

Regulation 4 specifies payments which may be made without deduction of income tax by a building society and the conditions which are required to be satisfied before certain payments may be made gross.

Regulations 5 to 9 prescribe conditions which, if fulfilled, enable an individual who is ordinarily resident in the United Kingdom to receive payments from a building society without deduction of tax. Regulation 5 together with the Schedule prescribes the conditions relating to the giving and supply of a certificate to the effect that a person beneficially entitled to a payment of a dividend or interest is unlikely to be liable to pay income tax for the tax year in which the payment is made. Regulation 6 prescribes the condition that a certificate given under regulation 5 continues to be valid and specifies the circumstances in which a certificate ceases to be valid. Regulation 7 specifies the consequences of the Board issuing a notice under regulation 6 that tax is to be deducted from payments of dividends or interest in respect of an account held by a person who has given a certificate under regulation 5. Regulation 8 prescribes the condition that payments of dividends or interest which are made in respect of an account of a class which, prior to 6th April 1991, had become obsolete, should in certain circumstances be made under deduction of tax. Regulation 9 prescribes conditions relating to the giving of certificates in connection with joint accounts.

Regulation 10, which imports with modifications the provisions of Schedule 16 to the 1988 Act, provides for the collection of tax in respect of payments of dividends and interest made under deduction of tax pursuant to these Regulations and, in respect of certain transitional payments made under deduction of tax before 6th April 1991, pursuant to the 1986 Regulations.

Regulation 11 makes provision with regard to declarations by investors and certificates from a building society in connection with the making of certain gross payments under regulation 4.

Regulation 12 adapts and extends the provisions of section 17 of the Taxes Management Act 1970 to payments of dividends and interest by building societies. These provisions enable an inspector of taxes to call for returns giving information relating to payments of dividends and interest.

Regulations 13 to 16 provide for the furnishing of information to, and inspection of documents by, the Board in connection with payments of dividends and interest made by building societies without deduction of tax to individuals ordinarily resident in the United Kingdom, or made under deduction of tax pursuant to regulation 3, and prescribe the purposes for which such information may be used.