

SCHEDULES

SCHEDULE 6

Section 386.

THE CATEGORIES OF PREFERENTIAL DEBTS

Category 1: Debts due to Inland Revenue

- 1 Sums due at the relevant date from the debtor on account of deductions of income tax from emoluments paid during the period of 12 months next before that date.

The deductions here referred to are those which the debtor was liable to make under section 204 of the Income and Corporation Taxes Act 1970 (pay as you earn), less the amount of the repayments of income tax which the debtor was liable to make during that period.

- 2 Sums due at the relevant date from the debtor in respect of such deductions as are required to be made by the debtor for that period under section 69 of the Finance (No. 2) Act 1975 (sub-contractors in the construction industry).

Category 2 : Debts due to Customs and Excise

- 3 Any value added tax which is referable to the period of 6 months next before the relevant date (which period is referred to below as " the 6-month period ").

For the purposes of this paragraph—

- (a) where the whole of the prescribed accounting period to which any value added tax is attributable falls within the 6-month period, the whole amount of that tax is referable to that period ; and
- (b) in any other case the amount of any value added tax which is referable to the 6-month period is the proportion of the tax which is equal to such proportion (if any) of the accounting reference period in question as falls within the 6-month period ;

and in sub-paragraph (a) " prescribed " means prescribed by regulations under the Value Added Tax Act 1983.

- 4 The amount of any car tax which is due at the relevant date from the debtor and which became due within a period of 12 months next before that date.

- 5 Any amount which is due—

- (a) by way of general betting duty or bingo duty, or
- (b) under section 12(1) of the Betting and Gaming Duties Act 1981 (general betting duty and pool betting duty recoverable from agent collecting stakes), or
- (c) under section 14 of, or Schedule 2 to, that Act (gaining licence duty),

from the debtor at the relevant date and which became due within the period of 12 months next before that date.

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Category 3: Social security contributions

- 6 All sums which on the relevant date are due from the debtor on account of Class 1 or Class 2 contributions under the Social Security Act 1975 or the Social Security (Northern Ireland) Act 1975 and which became due from the debtor in the 12 months next before the relevant date.
- 7 All sums which on the relevant date have been assessed on and are due from the debtor on account of Class 4 contributions under either of those Acts of 1975, being sums which—
- (a) are due to the Commissioners of Inland Revenue (rather than to the Secretary of State or a Northern Ireland department), and
 - (b) are assessed on the debtor up to 5th April next before the relevant date, but not exceeding, in the whole, any one year's assessment.

Category 4: Contributions to occupational pension schemes, etc.

- 8 Any sum which is owed by the debtor and is a sum to which Schedule 3 to the Social Security Pensions Act 1975 applies (contributions to occupational pension schemes and state scheme premiums).

Category 5: Remuneration, etc., of employees

- 9 So much of any amount which—
- (a) is owed by the debtor to a person who is or has been an employee of the debtor, and
 - (b) is payable by way of remuneration in respect of the whole or any part of the period of 4 months next before the relevant date,
- as does not exceed so much as may be prescribed by order made by the Secretary of State.
- 10 An amount owed by way of accrued holiday remuneration, in respect of any period of employment before the relevant date, to a person whose employment by the debtor has been terminated, whether before, on or after that date.
- 11 So much of any sum owed in respect of money advanced for the purpose as has been applied for the payment of a debt which, if it had not been paid, would have been a debt falling within paragraph 9 or 10.
- 12 So much of any amount which—
- (a) is ordered (whether before or after the relevant date) to be paid by the debtor under the Reserve Forces (Safeguard of Employment) Act 1985, and
 - (b) is so ordered in respect of a default made by the debtor before that date in the discharge of his obligations under that Act,
- as does not exceed such amount as may be prescribed by order made by the Secretary of State.

Interpretation for Category 5

- 13 (1) For the purposes of paragraphs 9 to 12, a sum is payable by the debtor to a person by way of remuneration in respect of any period if—

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- (a) it is paid as wages or salary (whether payable for time or for piece work or earned wholly or partly by way of commission) in respect of services rendered to the debtor in that period, or
 - (b) it is an amount falling within the following sub-paragraph and is payable by the debtor in respect of that period.
- (2) An amount falls within this sub-paragraph if it is—
 - (a) a guarantee payment under section 12(1) of the Employment Protection (Consolidation) Act 1978 (employee without work to do for a day or part of a day);
 - (b) remuneration on suspension on medical grounds under section 19 of that Act;
 - (c) any payment for time off under section 27(3) (trade union duties), 31(3) (looking for work, etc.) or 31A(4) (ante-natal care) of that Act; or
 - (d) remuneration under a protective award made by an industrial tribunal under section 101 of the Employment Protection Act 1975 (redundancy dismissal with compensation).
- 14 (1) This paragraph relates to a case in which a person's employment has been terminated by or in consequence of his employer going into liquidation or being adjudged bankrupt or (his employer being a company not in liquidation) by or in consequence of—
 - (a) a receiver being appointed as mentioned in section 40 of this Act (debenture-holders secured by floating charge), or
 - (b) the appointment of a receiver under section 53(6) or 54(5) of this Act (Scottish company with property subject to floating charge), or
 - (c) the taking of possession by debenture-holders (so secured), as mentioned in section 196 of the Companies Act.
- (2) For the purposes of paragraphs 9 to 12, holiday remuneration is deemed to have accrued to that person in respect of any period of employment if, by virtue of his contract of employment or of any enactment that remuneration would have accrued in respect of that period if his employment had continued until he became entitled to be allowed the holiday.
- (3) The reference in sub-paragraph (2) to any enactment includes an order or direction made under an enactment.
- 15 Without prejudice to paragraphs 13 and 14—
 - (a) any remuneration payable by the debtor to a person in respect of a period of holiday or of absence from work through sickness or other good cause is deemed to be wages or (as the case may be) salary in respect of services rendered to the debtor in that period, and
 - (b) references here and in those paragraphs to remuneration in respect of a period of holiday include any sums which, if they had been paid, would have been treated for the purposes of the enactments relating to social security as earnings in respect of that period.

Orders

- 16 An order under paragraph 9 or 12—
 - (a) may contain such transitional provisions as may appear to the Secretary of State necessary or expedient;

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- (b) shall be made by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.