

## SCHEDULES

### SCHEDULE 3

Section 44(2).

#### MACHINERY FOR ASSESSMENT, CHARGE AND PAYMENT OF INCOME TAX UNDER SCHEDULE C AND, IN CERTAIN CASES, SCHEDULE D

##### PART I

##### PUBLIC REVENUE DIVIDENDS ETC. PAYABLE TO THE BANK OF ENGLAND OR THE BANK OF IRELAND OR ENTRUSTED FOR PAYMENT TO THE BANK OF ENGLAND, THE BANK OF IRELAND OR THE NATIONAL DEBT COMMISSIONERS

- 1 The Bank of England and the Bank of Ireland as respects the dividends and the profits attached thereto payable to them out of the public revenue of the United Kingdom, or payable out of any public revenue and entrusted to them for payment and distribution, and the National Debt Commissioners, as respects the dividends payable by them or of which they have the distribution, shall, when any payment becomes due, deliver to the Board true accounts, in books provided for the purpose, of—
- (a) the amounts of the dividends and profits attached thereto payable to the Bank, and
  - (b) all dividends entrusted to the Bank or the National Debt Commissioners for payment to the persons entitled thereto, and
  - (c) the amount of income tax chargeable thereon at the basic rate in force at the time of payment, without any other deduction than is allowed by the Income Tax Acts.
- 2 (1) In the case of dividends and profits attached thereto payable to the Bank of England out of the public revenue of the United Kingdom, the Bank of England shall set apart the income tax in respect of the amount payable to them.
- (2) In the case of dividends and profits attached thereto entrusted to the Bank of England for payment and distribution, dividends payable by the Bank of Ireland at its principal office in Belfast, and dividends payable by the National Debt Commissioners or of which the National Debt Commissioners have the distribution—
- (a) the Bank of England, the Bank of Ireland and the National Debt Commissioners respectively shall, before any payment is made by them, retain the amount of the income tax for the purposes of the Income Tax Acts, and
  - (b) the retaining of the amount shall be deemed to be a payment of the income tax by the persons entitled to the dividends, and shall be allowed by them on the receipt of the residue thereof, and
  - (c) the Bank of England, the Bank of Ireland and the National Debt Commissioners respectively shall be acquitted and discharged of a sum equal to the amount retained as though that sum had been actually paid.

- (3) In relation to dividends payable to the Bank of Ireland out of the public revenue of the United Kingdom, and public revenue dividends which are entrusted to the Bank of Ireland for payment and distribution and are not payable by that Bank out of its principal office in Belfast, the following provisions shall have effect—
- (a) the money which, apart from this sub-paragraph, would be issuable to the Bank of Ireland under section 14 of the National Debt Act 1870, or otherwise payable to the Bank of Ireland for the purpose of dividends on securities of the United Kingdom government entered in the register of the Bank of Ireland in Dublin, shall be issued and paid to the Bank of England; and
  - (b) the Bank of England shall set apart and retain out of moneys so issued and paid to them the amount of the income tax on the dividends payable to the Bank of Ireland, and on the dividends on the securities of the United Kingdom government entered in the register of the Bank of Ireland in Dublin; and
  - (c) the Bank of England shall pay to the Bank of Ireland the residue of moneys so issued and paid to them, to be applied by the Bank of Ireland to the payment of the dividends; and
  - (d) the retaining of the amount shall be deemed to be a payment of the income tax by the persons entitled to the dividends, and shall be allowed by them on the receipt of the residue thereof, and the Bank of England and the Bank of Ireland shall be acquitted and discharged of a sum equal to the amount retained as though that sum had been actually paid.
- 3 Money set apart or retained under paragraph 2 above, and the amount of any tax charged on the trading profits of the Bank of England or the Bank of Ireland, shall be paid into the general account of the Board at the Bank of England or the Bank of Ireland.
- 4 No deduction of income tax under this Part of this Schedule shall be made from any dividends payable in respect of stock, securities or annuities standing in the name of the official custodian for charities, nor from any dividends in respect of which there is given to the Bank of England a certificate from the Charity Commissioners that the dividends are subject only to charitable trusts and are exempt from tax.

## PART II

### PUBLIC REVENUE DIVIDENDS PAYABLE BY PUBLIC OFFICES AND DEPARTMENTS

- 5 Where any payment is made of public revenue dividends payable by any public office or department of the Crown, the appropriate officer shall retain the income tax charged and pay the same into the general account of the Board at the Bank of England or the Bank of Ireland.

## PART III

### OTHER PUBLIC REVENUE DIVIDENDS, FOREIGN DIVIDENDS AND PROCEEDS OF COUPONS

- 6 (1) The following persons are chargeable persons for the purposes of this Part of this Schedule—

- (a) every person (other than the National Debt Commissioners or the Bank of England or the Bank of Ireland) who is entrusted with the payment of any dividends which are payable out of the public revenue of Northern Ireland, or which are payable to any persons in the United Kingdom out of any public revenue other than that of the United Kingdom or Northern Ireland;
  - (b) every person in the United Kingdom who is entrusted with the payment of any foreign dividends;
  - (c) every banker or other person in the United Kingdom who obtains payment of any dividends in such circumstances that the dividends are chargeable to tax under Schedule C, or in the case of foreign dividends, under Schedule D; and
  - (d) every banker in the United Kingdom who sells or otherwise realises coupons, and every dealer in coupons in the United Kingdom who purchases coupons, in such manner that the proceeds of the sale or realisation are chargeable to tax under Schedule C, or in the case of foreign dividends, under Schedule D.
- (2) Every chargeable person shall deliver to the Board—
- (a) on demand by the Board, true and perfect accounts of the amount of all such dividends or proceeds; and
  - (b) not later than 12 months after paying any dividends or effecting any other transaction in respect of which he is a chargeable person, and unless within that time he delivers an account with respect to the dividends or proceeds in question under sub-paragraph (a) above, a written statement specifying his name and address and describing those dividends or proceeds.
- 7 The Board shall have all necessary powers in relation to the examining, auditing, checking and clearing of the books and accounts of dividends or proceeds delivered under paragraph 6 above, and shall assess and charge the dividends or proceeds at the basic rate of tax in force at the time of payment, but reduced by the amount of the exemptions (if any) allowed by them, and shall give notice of the amount so assessed and charged to the chargeable person.
- 8 The chargeable person shall out of moneys in his hands pay the income tax on the dividends or proceeds on behalf of the persons entitled thereto, and shall be acquitted in respect of all such payments, and the provisions of the Income Tax Acts shall apply as in the case of dividends payable out of the public revenue of the United Kingdom and entrusted to the Bank of England for payment and distribution.
- 9 The chargeable person shall pay the income tax into the general account of the Board at the Bank of England or the Bank of Ireland within 30 days of the date of the issue of the notice of assessment, and in default of payment it shall be recovered from him in the same manner as other tax assessed and charged on him may be recovered.
- 10 (1) Subject to sub-paragraph (2) below, a chargeable person who does all such things as are necessary to enable the tax to be assessed and paid shall receive as remuneration an allowance, to be calculated by reference to the amount of the dividends or proceeds paid from which tax has been deducted, and to be fixed by the Treasury at a rate not being less than 68p for every £1,000 of that amount.
- (2) Sub-paragraph (1) above shall not apply to any person entrusted with the payment of dividends payable out of the public revenue of Northern Ireland.
- 11 Nothing in paragraphs 6 to 10 above shall impose on any banker the obligation to disclose any particulars relating to the affairs of any person on whose behalf he may be acting.

- 12        Where income tax in respect of the proceeds of the sale or realisation of any coupon has been accounted for under this Part of this Schedule by any banker or dealer, and the coupon has been subsequently paid in such manner that income tax has been deducted from the payment under any of the provisions of this Schedule, the tax so deducted shall be repaid.
- A claim under this paragraph shall be made to the Board.
- 13        (1) Without prejudice to the generality of paragraph 7 above, the Board may, by notice served on any chargeable person, require that person within such time as may be specified in the notice to make available at his premises for inspection by an officer authorised by the Board all such books and other documents in the possession or control of that person as the officer may reasonably require for the purpose of determining whether any accounts delivered by that person under paragraph 6 above are correct and complete.
- (2) The Board may grant a certificate exempting any chargeable person from the provisions of sub-paragraph (1) above, and while the certificate is in force the powers conferred by that sub-paragraph shall not be exercisable in relation to that person; and any such certificate may be revoked at any time by the Board, and may contain such terms and conditions as they think proper.
- 14        In this Part of this Schedule—
- “dividends” includes foreign dividends, and
- “foreign dividends” has the meaning given by section 123.

## PART IV

### INTEREST PAYABLE OUT OF THE PUBLIC REVENUE OF THE REPUBLIC OF IRELAND ETC.

- 15        (1) Any person who is entrusted with the payment of any interest, dividends or other annual payments which are payable to any persons in the United Kingdom out of the public revenue of the Republic of Ireland, or out of or in respect of the stocks, funds, shares or securities of any Republic of Ireland company, society, adventure or concern, shall be relieved from the obligation imposed on him under the preceding provisions of this Schedule to pay income tax thereon on behalf of the persons entitled thereto as regards any such interest, dividends or other annual payments in respect of which he furnishes to the Board, in such form and subject to such conditions as they may prescribe, a list containing—
- (a) a full description of the interest, dividends or other annual payments, and
- (b) the name and address of each person who is entitled thereto, and
- (c) the amount thereof to which each such person is entitled.
- (2) Any person entrusted with payment who, by virtue of sub-paragraph (1) above, is relieved from the obligation to pay income tax on interest, dividends or other annual payments, shall be entitled to the like remuneration to which, if he had paid tax thereon, he would have been entitled under paragraph 10 above.
- (3) Any interest, dividends or other annual payments in respect of which the person entrusted with payment is relieved from the obligation to pay income tax by virtue of sub-paragraph (1) above, shall be assessable and chargeable under Case IV or V of Schedule D, as the case may be.

(4) The Board may make such regulations as may be necessary for the purposes of this paragraph.

(5) This paragraph shall apply to—

(a) any banker or other person in the United Kingdom who obtains payment of any such interest, dividends or other annual payments as is or are mentioned in sub-paragraph (1) above; and

(b) to any person who would, apart from this paragraph, be obliged to pay income tax in respect of the proceeds of the sale or other realisation of any coupon for any such interest, dividends or other annual payments,

as it applies to any person entrusted with the payment of any such interest, dividends or other annual payments, with the substitution in a case falling within paragraph (b) above, of references to the proceeds of the sale or other realisation for references to such interest, dividends or other annual payments.

In this sub-paragraph “coupon” has the same meaning as in section 123.