



Finance Act 1995

1995 CHAPTER 4

PART VI

MISCELLANEOUS AND GENERAL

Miscellaneous

157 Certificates of tax deposit.

- (1) If, whether before or after the passing of this Act—
- (a) any person (“the depositor”) has received any sum on the making, on or after 6th April 1990, of a withdrawal for cash of a tax deposit made before that date,
 - (b) the whole or any part of any qualifying tax liability has been discharged by any payment made otherwise than by the application of a tax deposit, and
 - (c) that payment was made in the period beginning one month before the withdrawal and ending one month afterwards,
- the depositor shall be entitled to receive compensation under this section from the Board.
- (2) In this section “qualifying tax liability”, in relation to a tax deposit, means so much of any liability as is—
- (a) a liability of any person for any tax for the year 1990-91 or any subsequent year of assessment, or for interest on such tax;
 - (b) a liability that relates to tax for a year of assessment during the whole or any part of which that person was married to the depositor; and
 - (c) a liability of such a description that, if it had been a liability of the depositor (and the withdrawal were to be disregarded), the whole or any part of it could have been discharged, immediately before the time of the payment mentioned in subsection (1)(b) above, by the application of that deposit and of accrued interest thereon.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1995, Section 157. (See end of Document for details)

- (3) Subject to the following provisions of this section, the amount of the compensation to which the depositor is entitled under this section in the case of any deposit withdrawn for cash shall be equal to the difference between—
- (a) the sum received as mentioned in subsection (1)(a) above on the withdrawal; and
 - (b) the sum that would have been received if interest had accrued on the relevant part of the sum received at the rate applicable under the relevant terms to sums applied in the payment of tax, instead of at the rate applicable to a withdrawal for cash.
- (4) In subsection (3) above, the reference to the relevant part of the sum received on the withdrawal of a deposit is a reference to the following amount, that is to say—
- (a) in a case where the sum received on the withdrawal is equal to or smaller than the amount of the liability discharged by the payment mentioned in subsection (1)(b) above, the amount equal to such part of the sum actually received as does not represent interest that has accrued under the relevant terms; and
 - (b) in any other case, to the amount which would have been the amount specified in paragraph (a) above if the sum actually received on the withdrawal had been equal to the amount of qualifying tax liability so discharged.
- (5) The amount of compensation to which any person is entitled under this section shall also include an amount equal to interest, for the period from the withdrawal mentioned in subsection (1)(a) above until the payment of the compensation, on the amount determined in accordance with subsection (3) above; and a liability to compensation under this section shall not bear interest apart from in accordance with this subsection.
- (6) Section 178 of the ^{M1}Finance Act 1989 (interest rates) shall apply to subsection (5) above for determining the rate of the interest treated, by virtue of that subsection, as included in any compensation under this section; and any regulations under that section which are in force at the passing of this Act shall be deemed, subject to the powers of the Treasury under that section, to have effect in relation to this section as they have effect in relation to the enactments specified in subsection (2)(f) of that section (interest on overdue tax).
- (7) The part of any compensation under this section that represents interest under subsection (5) above shall not be treated as included in the income of the depositor for the purposes of income tax; but the remainder shall be chargeable to income tax under [^{F1}Chapter 2 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (interest)].
- (8) No compensation shall be paid under this section unless a claim for it has been made to the Board.
- (9) Where any claim is made under this section with respect to any withdrawal for cash of a tax deposit—
- (a) this section shall have effect if there is, in the period mentioned in subsection (1)(c) above, more than one such payment as is mentioned in subsection (1)(b) above as if (subject to paragraph (b) below) all the payments in that period were, for the purposes of that claim, to be aggregated and treated as one such payment; and
 - (b) the amount of compensation payable under this section on that claim shall be computed without regard to so much of any payment discharging a qualifying

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tax liability as, in pursuance of any claim under this section, has been or is to be so taken into account as to affect the amount of compensation payable in the case of any other withdrawal.

- (10) Sums required by the Board for paying compensation under this section shall be issued to the Board by the Treasury out of the National Loans Fund.
- (11) A withdrawal for cash of a tax deposit shall be taken for the purposes of this section to occur at the same time as, under the relevant terms, it is deemed to occur for the purposes of the calculation of interest on the amount withdrawn.
- (12) This section shall be construed as one with the Tax Acts, and in this section—
- (a) references to a tax deposit are references to the whole or any part of any deposit in respect of which a certificate of tax deposit has been issued by the Treasury under section 12 of the ^{M2}National Loans Act 1968; and
 - (b) references to the relevant terms, in relation to a tax deposit, are references to the terms applicable to that deposit and to the certificate issued in respect of it.

Textual Amendments

- F1** Words in s. 157(7) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 482](#) (with [Sch. 2](#))
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Marginal Citations

- M1** 1989 c. 26.
M2 1968 c. 13.

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