
STATUTORY INSTRUMENTS

1992 No. 11

INCOME TAX

The Income Tax (Building Societies) (Dividends and Interest) (Amendment) Regulations 1992

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| <i>Made</i> | - - - - | <i>8th January 1992</i> |
| <i>Laid before the House of Commons</i> | - - - - | <i>9th January 1992</i> |
| <i>Coming into force</i> | - - | <i>30th January 1992</i> |

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by section 477A(1) and (2) of the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Income Tax (Building Societies) (Dividends and Interest) (Amendment) Regulations 1992 and shall come into force on 30th January 1992.

Interpretation

2. In these Regulations “the principal Regulations” means the Income Tax (Building Societies) (Dividends and Interest) Regulations 1990(2) and “regulation” means a regulation of those Regulations.

Amendments to the principal Regulations

3. In regulation 2—

(a) immediately before the definition of “the Board” there shall be inserted—

““the appropriate person” means any person who is beneficially entitled to a payment by a building society of a dividend or interest in respect of an investment, or is entitled to receive any such payment as a personal representative in his capacity as such, or to whom any such dividend or interest is payable;”;

(b) after the definition of “investor” there shall be inserted—

(1) 1988 c. 1; section 477A was inserted by paragraph 4 of Schedule 5 to the Finance Act 1990 (c. 29) and amended by section 52(2) and (3) of, and by paragraph 2 of Schedule 11 to, the Finance Act 1991 (c. 31).
(2) S.I. 1990/2231.

““mental disorder” has the meaning given by section 1(2) of the Mental Health Act 1983⁽³⁾ or, in Scotland, section 1(2) of the Mental Health (Scotland) Act 1984⁽⁴⁾ or, in Northern Ireland, Article 3 of the Mental Health (Northern Ireland) Order 1986⁽⁵⁾”;

(c) after the definition of “the 1986 Regulations” there shall be inserted—

““son or daughter” means a son or daughter aged 16 or over, and includes a stepson or stepdaughter and an adopted or illegitimate son or daughter;”.

4. In regulation 3 for paragraph (2) there shall be substituted—

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

(a) gross payments, and

(b) payments referred to in section 477A (1A) of the Taxes Act⁽⁶⁾.”.

5. In regulation 4(1)—

(a) sub-paragraph (m) shall be omitted;

(b) after sub-paragraph (n) there shall be added—

“(o) a payment in respect of an investment forming part of a premiums trust fund (within the meaning of section 457 of the Taxes Act) of an underwriting member of Lloyd's;

(p) a payment to a local authority within the meaning of section 842A of the Taxes Act⁽⁷⁾.”.

6. In regulation 5(2)—

(a) after paragraph (iv) of sub-paragraph (b) there shall be added the words

“or

(v) a parent, guardian, spouse or son or daughter of a person suffering from mental disorder; or

(vi) a receiver or other person appointed by any court in the United Kingdom to act in relation to the property and affairs of a person incapable, by reason of mental disorder, of managing and administering his property and affairs;”;

(b) in paragraph (ii) of sub-paragraph (c) for the words “the certificate, if given, would relate” there shall be substituted the words “the certificate relates”.

7. At the end of regulation 6(3) (d) (ii) there shall be added the words “or, if earlier, after it has become reasonably practicable so to deduct tax;”.

8. In regulation 7 sub-paragraph (c) of paragraph (1) shall be omitted.

9. In regulation 11—

(a) for paragraph (1) there shall be substituted—

“(1) A building society may not treat an investment, or any payment of a dividend or interest in respect of it, as being within the provisions of sub-paragraphs (a) to (c) of paragraph (1) of regulation 4 unless it has received from the appropriate person a

(3) 1983 c. 20.

(4) 1984 c. 36.

(5) S.I. 1986/595 (N.I.4).

(6) Subsection (1A) of section 477A was inserted by paragraph 2(2) of Schedule 11 to the Finance Act 1991.

(7) Section 842A was inserted by section 127(1) of the Finance Act 1990.

declaration in writing which can reasonably be taken to indicate that, at the time of the payment, those provisions apply.”;

- (b) in paragraph (2) for the words “that individual or, where sub-paragraph (c) applies, by his personal representatives” there shall be substituted the words “the appropriate person”;
- (c) for sub-paragraph (a) of paragraph (2) and the word “or” immediately following it there shall be substituted—

- “(a) where sub-paragraph (a) or (b) applies, at the time the declaration is made the individual is not ordinarily resident in the United Kingdom and that the appropriate person will inform the building society if the individual becomes so ordinarily resident; or”;

- (d) after paragraph (2) there shall be inserted—

- “**2A** A building society may not treat an investment, or any payment of a dividend or interest in respect of it, as being within the provisions of sub-paragraphs (d) to (f) or (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.”;

- (e) in paragraph (4) for “paragraphs (1) or (2)” there shall be substituted “paragraphs (1), (2) or (2A)”.

10.—(1) Regulation 12 shall be renumbered as paragraph (1) of that regulation.

(2) In paragraph (1) of regulation 12 after “section 17” there shall be inserted “(1) to (4)”.

(3) After paragraph (1) of regulation 12 there shall be added—

- “(2) A building society shall, if so required by notice from an inspector, include in a return under the provisions referred to in paragraph (1) the further information specified in paragraph (3).

- (3) The further information specified in this paragraph is—

- (a) as regards a gross payment within regulation 4(1) (n)—

- (i) the name and address of the person or, if more than one, each person beneficially entitled to the payment by or on behalf of whom a certificate under regulation 5 has been given (in paragraphs (ii) and (iii) referred to as “the beneficiary”) if other than the person or persons to whom the payment was made;

- (ii) the date of birth of the beneficiary;

- (iii) the national insurance number of the beneficiary if furnished to the building society pursuant to regulation 5 of, and the Schedule to, these Regulations;

- (iv) notification of the fact that the account in respect of which the payment was made is or was one in connection with which a certificate or certificates under regulation 5 had been given which had not ceased to be valid at the 5th April in the year in which the payment was made or at the date of closure of the account, if earlier in that year;

- (v) the reference number of the account referred to in paragraph (iv) and, where necessary for identifying the account, the branch of the building society where the account is held;

- (vi) where the payment was made to two or more investors each of whom was beneficially entitled to the payment, notification of that fact and, if known, the number of such persons;

- (vii) if furnished to the building society in connection with the account, the dates of birth and national insurance numbers of persons referred to in paragraph (vi) other than the beneficiary referred to in paragraphs (ii) and (iii);
- (viii) where a certificate referred to in regulation 5 was given by or on behalf of one or more, but not all, of the persons referred to in paragraph (vi) and had not ceased to be valid at the 5th April in the year in which the payment was made or at the date of closure of the account, if earlier in that year, notification of those facts;
- (ix) where the payment was the first payment made in respect of an account, notification of that fact;
- (x) where the payment was in a currency other than sterling and the amount of the payment is recorded in that currency in a return under the provisions referred to in paragraph (1) of this regulation, notification of the fact that the amount is so recorded and specification of the currency concerned;
- (b) as regards any other gross payment within regulation 4 or any payment to which regulation 3 applies—
 - (i) the reference number of the account in respect of which the payment was made and, where necessary for identifying the account, the branch of the building society where the account is held;
 - (ii) where the payment was made to two or more investors each of whom was beneficially entitled to the payment, notification of that fact and, if known, the number of such persons;
 - (iii) if furnished to the building society in connection with the account, the date of birth and national insurance number of the person or, where paragraph (ii) applies, each person to whom the payment was made;
 - (iv) where the payment made in the course of the year was the first payment in respect of an account, notification of that fact;
 - (v) where the payment was in a currency other than sterling and the amount of the payment is recorded in that currency in a return under the provisions referred to in paragraph (1) of this regulation, notification of the fact that the amount is so recorded and specification of the currency concerned.”

11. In regulation 14(3) after the word “being” there shall be inserted the words “books, documents or”.

12. In regulation 15(1) after the words “all such” there shall be inserted the words “copies of”.

*A. M. W. Battishill
L. J. H. Beighton*

8th January 1992

Two of the Commissioners of Inland Revenue

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which are made under section 477A (1) and (2) of the Income and Corporation Taxes Act 1988 and come into force on 30th January 1992, amend the Income Tax (Building Societies) (Dividends and Interest) Regulations 1990 (S.I.1990/2231) (“the Building Societies Regulations”). In addition to making changes of a drafting nature, the amendments extend the categories of payments which may be made without deduction of tax by building societies and the categories of persons who can sign certificates and declarations. The amendments also exclude from the ambit of the Regulations payments in respect of quoted securities and provide for the furnishing of information in connection with payments of dividends and interest made by building societies.

Regulation 1 provides for citation and commencement and regulation 2 contains definitions.

The remainder of the Regulations make amendments to the Building Societies Regulations.

Regulation 3 provides for further definitions to be inserted in regulation 2 of the Building Societies Regulations.

Regulations 4 and 5(a) exclude payments of dividends and interest in respect of quoted securities from the ambit of the Building Societies Regulations.

Regulation 5(b) extends the categories of payments of dividends and interest which may be made without deduction of tax to payments in respect of an investment forming part of a Lloyds premiums trust fund and payments to local authorities.

Regulation 6(a) extends the categories of persons who may sign a certificate of non-liability to tax to specified persons who may sign on behalf of persons suffering from mental disorder.

Regulations 6(b), 7, 8, 11 and 12 make drafting amendments.

Regulation 9, together with the definition of “appropriate person” in regulation 3, extends the categories of persons who may sign declarations enabling certain payments to be made without deduction of tax.

Regulation 10 specifies information relating to payments of dividends and interest which a building society may be required to include in a return under section 17 of the Taxes Management Act 1970 as adapted to payments of dividends and interest by building societies.