

Taxation of relevant interest, etc. FA 86 s35(1)(a) to (cc); FA93 s15(1)(b); FA94 s12(1)(a)
261.—Notwithstanding anything in the Tax Acts—

(a) no part of any interest paid by a building society in respect of any shares in the society shall be treated for the purposes of the Corporation Tax Acts as a distribution of the society or as franked investment income of any company resident in the State;

(b) except where otherwise provided for in section 267, no repayment of appropriate tax in respect of any relevant interest shall be made to any person receiving or entitled to the payment of the relevant interest who is not a company within the charge to corporation tax in respect of the payment;

(c) (i) the amount of any payment of relevant interest shall be regarded as income chargeable to tax under Case IV of Schedule D and under no other Case or Schedule and shall be taken into account in computing the total income of the person entitled to that amount, but, in relation to such a person (being an individual)—

(I) except for the purposes of a claim to repayment under section 267 (3), the specified amount within the meaning of section 187 or 188, and

(II) the part of taxable income on which he or she is charged to income tax at the standard rate,

shall, as respects the year of assessment for which he or she is to be charged to income tax in respect of the relevant interest, be increased by the amount of that payment, and

(ii) where the specified amount is so increased, references in sections 187 and 188 to—

(I) income tax payable shall be construed as references to the income tax payable after credit is given by virtue of section 59 for appropriate tax deducted from the payment of relevant interest, and

(II) a sum equal to twice the specified amount shall be construed as references to a sum equal to the aggregate of—

(A) twice the specified amount (before it is so increased), and

(B) the amount of the payment of relevant interest;

(d) section 59 shall apply as if a reference to appropriate tax deductible by virtue of this Chapter were contained in paragraph (a) of that section.