STATUTORY INSTRUMENTS

1980 No. 114

INCOME TAX

The Income Tax (Excess Interest As Distributions) Order 1980

Laid before the House of Commons in draft

Made - - - - 30*th January* 1980

Coming into Operation 31*st January* 1980

Whereas a draft of this Order has been laid before the House of Commons and approved by resolution of that House:

Now, therefore, the Lords Commissioners of Her Majesty's Treasury, in exercise of the powers conferred upon them by section 35(1) of the Finance Act 1974(a) hereby make the following Order:—

1. This Order may be cited as the Income Tax (Excess Interest As Distributions) Order 1980, and shall come into operation on the day after it is made.

2. The rate of interest prescribed by section 35(1) Finance Act 1974 for the purposes of section 285(4) of the Income and Corporation Taxes Act 1970(b) (which provides a limit in excess of which interest paid by close companies to directors and directors' associates is to be a distribution) shall be increased from 12 per cent. per annum to 17 per cent. per annum.

John MacGregor,

David Waddington,

Two of the Lords Commissioners of Her Majesty's Treasury.

30th January 1980.

(a) 1974 c. 30.

(b) 1970 c. 10.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order increases from 12 per cent. per annum to 17 per cent. per annum the limit provided by section 285 of the Income and Corporation Taxes Act 1970 above which interest paid by close companies to directors and directors' associates is to be a distribution chargeable to Schedule F Income Tax by section 232 of that Act. This Order comes into force on 31st January 1980.