
S T A T U T O R Y I N S T R U M E N T S

2000 No. 600

INCOME TAX

The Income Tax (Charge to Tax) (Payments out of Surplus Funds) (Relevant Rate) Order 2000

<i>Made</i>	- - -	<i>6th March 2000</i>
<i>Laid before the House of Commons</i>		<i>7th March 2000</i>
<i>Coming into force</i>		<i>6th April 2000</i>

The Treasury, in exercise of the powers conferred on them by section 599A(4) of the Income and Corporation Taxes Act 1988(a), hereby make the following Order:

1. This Order may be cited as the Income Tax (Charge to Tax) (Payments out of Surplus Funds) (Relevant Rate) Order 2000 and shall come into force on 6th April 2000.
2. The relevant rate for the purposes of section 599A(2) of the Income and Corporation Taxes Act 1988 shall, in relation to payments made on or after 6th April 2000, be 32 per cent.

Bob Ainsworth
Greg Pope

6th March 2000

Two of the Lords Commissioners of Her Majesty's Treasury

(a) 1988 c. 1. Section 599A was inserted by paragraph 12 of Schedule 6 to the Finance Act 1989 (c. 26).

EXPLANATORY NOTE

(This note is not part of the Order)

Section 599A of the Income and Corporation Taxes Act 1988 (“section 599A”) (inserted by paragraph 12 of Schedule 6 to the Finance Act 1989) provides, in subsection (2), that where a payment of surplus additional voluntary contributions is returned to an employee or to his personal representatives, the administrator of the scheme shall be charged to income tax under Case VI of Schedule D at the relevant rate on such amount as, after deduction of tax at that rate, would equal the amount of the payment. Subsection (3) of section 599A provides that, subject to subsection (4) of that section, the relevant rate shall be 35%. Subsection (4) of section 599A provides that the Treasury may by order from time to time increase or decrease the relevant rate.

For each year of assessment since section 599A was enacted the relevant rate has been a percentage 10 per cent. higher than the percentage at which income tax at the basic rate has been charged. The Income Tax (Charge to Tax) (Payments out of Surplus Funds) (Relevant Rate) Order 1997 (S.I. 1997/369) provided for the relevant rate to be 33 per cent. in relation to payments made on or after 6th April 1997. For the 2000–01 year of assessment it is envisaged that income tax will be charged at the basic rate of 22 per cent. This Order accordingly decreases the relevant rate to 32% in relation to payments made on or after 6th April 2000.

£1.00

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Printed and published in the UK by The Stationery Office Limited
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E326 03/2000 482202 19585

ISBN 0-11-098800-0



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