

Finance Act, 2008

Section 39 - Dormant bank and building society accounts

1) The Commissioners for Her Majesty's Revenue and Customs may by regulations- (a) modify section 17 of TMA 1970 (banks etc required to report interest payments) in relation to interest paid or credited in respect of a relevant dormant account, (b) modify Chapters 2 and 3 of Part 15 of ITA 2007 (deduction of income tax on interest payments at source) in relation to such interest, and (c) provide that, for the purposes of Chapter 2 of Part 4 of ITTOIA 2005 (charge to income tax on interest), such interest is to be treated as not being paid until the time (if any) at which the balance of the dormant account is paid out following a claim made by virtue of section 1(2)(b) or 2(2)(b) of the 2008 Act. (2) A relevant dormant account is a dormant account the balance of which is to be, or has been, transferred- (a) to an authorised reclaim fund, with the result that section 1 of the 2008 Act will apply, or applies, in relation to the account, or (b) to an authorised reclaim fund and one or more charities, with the result that section 2 of the 2008 Act will apply, or applies, in relation to the account. (3) Interest paid or credited in respect of a relevant dormant account includes interest paid or credited by a person who administers the account on behalf of an authorised reclaim fund after the balance has been transferred. (4) "The 2008 Act" means the Dormant Bank and Building Society Accounts Act 2008; and terms used in this section and in that Act have the same meaning in this section as in that Act. (5) Regulations under subsection (1) are to be made by statutory instrument. (6) A statutory instrument containing regulations under that subsection is subject to annulment in pursuance of a resolution of the House of Commons. (7) In TCGA 1992, after section 26 insert- "26A Transfer of dormant bank or building society account (1) This section applies where the balance of a dormant account held by a person with a bank or building society is transferred- (a) to an authorised reclaim fund, with the result that section 1 of the Dormant Bank and Building Society Accounts Act 2008 applies in relation to the account, or (b) to an authorised reclaim fund and one or more charities, with the result that section 2 of that Act applies in relation to the account. (2) For the purposes of this Act- (a) the transfer is not to be treated as involving any acquisition or disposal of an asset, and (b) the person's rights under Part 1 of that Act are to be treated as the same asset as the original rights, acquired as the original rights were acquired and having the same characteristics as those rights. (3) "The original rights" are the person's rights against the bank or building society immediately before the transfer. (4) Terms used in this section and in the Dormant Bank and Building Society Accounts Act 2008 have the same meaning in this section as in that Act." (8) Subsection (7) comes into force in accordance with provision made by order made by the Treasury.