



Income Tax Act 2007

2007 CHAPTER 3

PART 14

INCOME TAX LIABILITY: MISCELLANEOUS RULES

[^{F1}CHAPTER A1

REMITTANCE BASIS

[^{F1}Interpretation of Chapter

Textual Amendments

- F1** Pt. 14 Ch. A1 inserted (21.7.2008 with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 1](#) (with [Sch. 7 paras. 85-89](#))

809Z7 [^{F2}Meaning of “foreign income and gains” etc]

- (1) This section applies for the purposes of this Chapter.
- (2) An individual's “foreign income and gains” for a tax year are—
 - (a) the individual's relevant foreign earnings for that year,
 - (b) the individual's foreign specific employment income for that year,
 - (c) the individual's relevant foreign income for that year, and
 - (d) ^{F3}... the individual's foreign chargeable gains for that year.
- (3) An individual's “relevant foreign earnings” for a tax year are—
 - (a) if the individual [^{F4}does not meet the requirement of section 26A of ITEPA 2003 for] that year, the individual's chargeable overseas earnings for that year, and

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- (b) otherwise, the individual's general earnings within section 26(1) of ITEPA 2003 for that year (non-UK earnings).
- [^{F5}(4) An individual's “foreign specific employment income” for a tax year (“the relevant tax year”) consists of the income (if any) within subsections (4A) and (4B).
- (4A) The income within this subsection is the individual's specific employment income for the relevant tax year so far as it consists of [^{F6}securities income that is “foreign” for the purposes of section 41F] of ITEPA 2003.
- (4B) The income within this subsection is any income, or any part of any income, of the individual—
- (a) to which section 554Z9(2) or 554Z10(2) of ITEPA 2003 applies, and
 - (b) which consists of the value of a relevant step, or a part of the value of a relevant step, which is “for” the relevant tax year as determined under section 554Z4 of ITEPA 2003.]
- (5) An individual's “foreign chargeable gains” for a tax year [^{F7}are the chargeable gains accruing to the individual in that year on the disposal of foreign assets (within the meaning of Schedule 1 to TCGA 1992)].
- (6) In subsection (3)(a) “chargeable overseas earnings” has the same meaning as in section 22 of ITEPA 2003 (see section 23 of that Act).
- ^{F8}(7)]

Textual Amendments

- F2** S. 809Z7 heading substituted (17.7.2012) (with effect in accordance with Sch. 12 para. 17 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 12 para. 15](#)
- F3** Words in s. 809Z7(2)(d) omitted (with effect in accordance with Sch. 46 para. 25 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 24\(a\)](#) (with [Sch. 46 para. 26](#))
- F4** Words in s. 809Z7(3)(a) substituted (with effect in accordance with Sch. 46 para. 25 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 24\(b\)](#) (with [Sch. 46 para. 26](#))
- F5** Ss. 809Z7(4)-(4B) substituted (19.7.2011) for s. 809Z7(4) (with effect in accordance with Sch. 2 para. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 43](#)
- F6** Words in s. 809Z7(4A) substituted (17.2.2016) by [The Finance Act 2014, Schedule 9 \(Consequential Amendment\) Regulations 2016 \(S.I. 2016/74\)](#), regs. 1(2), 2
- F7** Words in s. 809Z7(5) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 107](#)
- F8** S. 809Z7(7) omitted (17.7.2012) (with effect in accordance with Sch. 12 para. 17 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 12 para. 14](#)

[^{F9}809Z8] Meaning of “the disposal proceeds”

- (1) In this Chapter, in relation to a sale or other disposal, “the disposal proceeds” means—
- (a) the consideration for the disposal, less
 - (b) any agency fees that are deducted before the consideration is paid or otherwise made available to or for the benefit of the person making the disposal (“the transferor”) or any other relevant person.
- (2) The following rules apply in determining the consideration for the disposal.

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- (3) If the consideration is provided in the form of anything other than money, the amount of the consideration is the market value of the thing at the time of the disposal.
- (4) If the disposal is made other than by way of a bargain made at arm's length, the disposal is deemed to be made for a consideration equal to the market value, immediately before the disposal, of the thing being disposed of.
- (5) Without limiting the generality of subsection (4), a disposal made to another relevant person or to a person connected with a relevant person is treated in all cases as made other than by way of a bargain at arm's length.
- (6) In subsection (1), “agency fees” means fees and other incidental costs of the disposal that are charged to the transferor by any person by or through whom the disposal is effected, but excluding any such fees or costs that—
 - (a) are charged to the transferor by another relevant person, or
 - (b) are to be passed on to or otherwise applied for the benefit of a relevant person.
- (7) The exclusion mentioned in subsection (6) does not apply to the extent that the fees or costs—
 - (a) relate to a service actually provided by the relevant person to the transferor in connection with effecting the disposal, and
 - (b) do not exceed the amount that would be charged for that service if it were provided in the ordinary course of business and on arm's length terms.

Textual Amendments

- F9** Ss. 809Z8-809Z10 inserted (17.7.2012) (with effect in accordance with Sch. 12 para. 17 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 12 para. 16](#)

809Z9 Taking proceeds etc offshore or investing them

- (1) This section applies to a provision of this Chapter that is satisfied if something (for example, disposal proceeds) is taken offshore or used by a relevant person to make a qualifying investment.
- (2) Things are to be regarded as “taken offshore” if (and only if) they are taken outside the United Kingdom such that, on leaving the United Kingdom, they cease to be available—
 - (a) to be used or enjoyed in the United Kingdom by or for the benefit of a relevant person, or
 - (b) to be used or enjoyed in any other way that would count as remitting income or gains to the United Kingdom.
- (3) If—
 - (a) the thing required to be taken offshore or invested is money, and
 - (b) it is paid temporarily into an account pending satisfaction of the provision, the provision is satisfied only if the money actually taken offshore or invested is taken from the same account.
- (4) If the thing required to be taken offshore or invested is something in money's worth, the provision may be satisfied—
 - (a) by taking the thing offshore or investing it, or

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- (b) by taking offshore or investing money or other property of the equivalent value.
- (5) “The equivalent value” is the market value of the thing in money's worth, assessed as at the date of the sale or other disposal in relation to which the provision is triggered.
- (6) If the consideration for a disposal is deemed under section 809Z8(4), the provision may be satisfied by taking offshore or investing money or other property of a value equal to—
- (a) the amount of the deemed consideration, less
 - (b) any agency fees (within the meaning of section 809Z8) that are deducted before the actual consideration is paid or otherwise made available to or for the benefit of a relevant person.
- (7) Subsections (4)(b) and (6) do not apply in the case of other property of the equivalent value if the other property is—
- (a) exempt property under section 809X,
 - (b) consideration for the disposal of any such exempt property, or
 - (c) consideration for the disposal of all or part of the holding (see section 809VC) relating to a qualifying investment.
- (8) Money or other property taken offshore or invested in accordance with subsection (4) (b) or (6) is to be treated for the purposes of this Chapter—
- (a) as deriving from the thing required to be taken offshore or invested, and
 - (b) as having the same composition of kinds of income and capital as that thing.
- (9) A provision to which this section applies may be satisfied—
- (a) by taking the whole thing offshore or investing the whole thing, or
 - (b) by taking one part offshore and investing the other part.
- (10) References in this section to something being “invested” are to something being used by a relevant person to make a qualifying investment.
- (11) The provisions to which this section applies include [^{F10}sections 809UA(2) and 809VB(2), but in those cases]—
- (a) disregard references in this section to investment, and
 - (b) [^{F11}in the case of section 809VB(2),] the assessment date for the purposes of subsection (5) is the date of the relevant event (see section 809VA(3)(b)).

Textual Amendments

- F9** Ss. 809Z8-809Z10 inserted (17.7.2012) (with effect in accordance with Sch. 12 para. 17 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 12 para. 16](#)
- F10** Words in s. 809Z9(11) substituted (with effect in accordance with s. 21(5) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [s. 21\(4\)\(a\)](#)
- F11** Words in s. 809Z9(11)(b) inserted (with effect in accordance with s. 21(5) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [s. 21\(4\)\(b\)](#)

809Z10 General interpretation

In this Chapter—

“the business investment provisions” means sections 809VA to 809VO;

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“the Commissioners” means the Commissioners for Her Majesty's Revenue and Customs;

“market value” has the same meaning as in TCGA 1992 (see in particular sections 272 and 273 of that Act);

“qualifying investment” has the meaning given by section 809VC (and references to making a qualifying investment are to be read in accordance with that section);

“relevant person” has the meaning given by section 809M;

“the remittance basis user”, in relation to income or chargeable gains of an individual, means that individual.]

Textual Amendments

F9 Ss. 809Z8-809Z10 inserted (17.7.2012) (with effect in accordance with Sch. 12 para. 17 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 12 para. 16](#)

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