



Income Tax Act 2007

2007 CHAPTER 3

PART 15

DEDUCTION OF INCOME TAX AT SOURCE

CHAPTER 19

GENERAL

Supplementary

975 Statements about deduction of income tax

- (1) Subsection (2) applies if a person makes a payment from which a sum representing income tax must be deducted under any provision of Chapters 2 to 7 or under section 919 or 928.
- (2) If the recipient requests it in writing, the person must provide the recipient with a statement showing—
 - (a) the gross amount of the payment,
 - (b) the amount of the sum deducted, and
 - (c) the actual amount paid.
- (3) Subsection (4) applies if the trustees of an unauthorised unit trust are treated as making a deemed payment to a unit holder (“U”).
- (4) If U requests it in writing, the trustees must provide U with a statement showing—
 - (a) the gross amount of the payment,
 - (b) the amount of the deemed deduction from the payment, and
 - (c) the amount of the payment after the deemed deduction.
- (5) A statement under this section must be in writing.

Status: Point in time view as at 21/07/2009.

*Changes to legislation: There are currently no known outstanding effects for the
 Income Tax Act 2007, Cross Heading: Supplementary. (See end of Document for details)*

- (6) The duty to comply with a request under subsection (2) or (4) is enforceable by the recipient or U (as the case may be).
- (7) In this section “deemed deduction”, “deemed payment” and “the gross amount” have the same meanings as in Chapter 13 (see section 941(6)).

Modifications etc. (not altering text)

- C1** Pt. 15 modified (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), ss. **551(4)**, **1329(1)** (with Pts. 1, 2, Sch. 2 para. 78)

976 Arrangements for payments of interest less tax or at specified net rate

- (1) This section applies if—
- (a) provision is made for the payment of interest, and
 - (b) the interest is payable without deduction of a sum representing income tax.
- (2) It applies—
- (a) whenever the provision was made, and
 - (b) whether it was made orally or in writing.
- (3) If the provision is for the payment of interest “less tax” (or uses words to similar effect) it is to be read as if the words “less tax” (or the equivalent words) were not included.
- (4) Subsection (5) applies if the provision is (however worded)—
- (a) for the payment of interest to which subsection (6) applies, and
 - (b) for that interest to be paid at such a rate (“the gross rate”) that the amount of interest payable at that rate is, after deduction of a sum representing income tax, equal to the amount of interest payable at a specified rate (“the net rate”).
- (5) In that case the provision is to be read as if it were for the payment of interest at the gross rate.
- (6) This subsection applies to—
- (a) interest on which the recipient is chargeable to income tax, which falls within Chapter 2 of Part 4 of ITTOIA 2005 but which is not relevant foreign income, or
 - [^{F1}(b) interest which is required to be brought into account under Part 5 of CTA 2009 (loan relationships) as a non-trading credit of the recipient.]

Textual Amendments

- F1** S. 976(6)(b) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 717** (with Sch. 2 Pts. 1, 2)

977 Payments to companies

- (1) The provisions of this Part relating to the deduction from payments of sums representing income tax are not affected by the fact that the recipient is a company not chargeable to income tax on the payment.

Status: Point in time view as at 21/07/2009.

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading: Supplementary. (See end of Document for details)

- (2) References in subsection (1) to payments received by a company—
 - (a) include payments received by another person on behalf of or in trust for the company, but
 - (b) do not include payments received by the company on behalf of or in trust for another person.
- (3) For further provision about payments received by companies, see—
 - (a) sections 7(2) and 11(3) of ICTA (set-off of income tax deducted at source against liability to corporation tax), and
 - (b) section 952 (set-off of income tax suffered against income tax payable under Chapter 15).

978 Application to public departments

- (1) This Part applies in relation to payments made by public offices and departments of the Crown except as mentioned in subsection (2).
- (2) This Part does not apply to payments made by public offices and departments of—
 - (a) any country mentioned in Schedule 3 to the British Nationality Act 1981 (c. 61) (which contains a list of Commonwealth countries) or the Republic of Ireland, or
 - (b) any state or province of a country within paragraph (a).

979 Designated international organisations: exceptions from duties to deduct

- (1) The Treasury may by order designate for the purposes of this section any international organisation of which the United Kingdom is a member.
- (2) The duty to deduct under section 874 (duty to deduct from certain payments of yearly interest) does not apply to a payment of interest made by—
 - (a) an organisation designated under subsection (1), or
 - (b) a partnership of which an organisation so designated is a member.
- (3) None of the duties to deduct under Chapters 6, 7 (deduction from annual payments, patent royalties and other payments connected with intellectual property) and 14 (directions for duty to deduct to apply in tax avoidance cases) apply to a payment made by an organisation designated under subsection (1).
- (4) The duties to deduct under sections 919(2) and 922(2) do not apply in a case where the payer of the manufactured interest or (as the case may be) the manufactured overseas dividend is an organisation designated under subsection (1).

[^{F2}979A FSCS payments representing interest

- (1) This section applies where a payment is made under the FSCS representing interest net of an amount equal to a sum representing income tax that would have been deducted on the payment of interest but for the circumstances giving rise to the making of payments under the FSCS.
- (2) A payment of the relevant gross amount is treated as having been made under the FSCS after there has been deducted from it a sum representing income tax of that amount.

Status: Point in time view as at 21/07/2009.

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- (3) That sum is accordingly taken into account under section 59B of TMA 1970 in determining the income tax payable by, or repayable to, the recipient.
- (4) “The relevant gross amount” means the aggregate of the amount of the payment representing interest which is made and that sum.
- (5) If the recipient requests it in writing, the scheme manager of the FSCS must provide the recipient with a statement showing—
 - (a) the relevant gross amount,
 - (b) the amount of the sum treated as deducted, and
 - (c) the amount of the payment representing interest.
- (6) The duty to comply with a request under subsection (5) is enforceable by the recipient.
- (7) In this section—

“the FSCS” means the Financial Services Compensation Scheme (established under Part 15 of the Financial Services and Markets Act 2000);

“payment representing interest” has the same meaning as in section 380A of ITTOIA 2005.]

Textual Amendments

- F2** S. 979A inserted (with effect in accordance with s. 33(5) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 33\(4\)](#)

980 Derivative contracts: exception from duties to deduct

- (1) Despite the provisions of this Part, a company is not required to deduct a sum representing income tax from a payment made under a derivative contract to which this section applies.
- (2) This section applies to a derivative contract if profits and losses arising from it are calculated in accordance with [^{F3}Part 7 of CTA 2009] .

Textual Amendments

- F3** Words in s. 980(2) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 718 \(with Sch. 2 Pts. 1, 2\)](#)

981 Foreign currency securities etc: exception from duties to deduct

Despite the provisions of this Part there is no duty to deduct a sum representing income tax from a payment of interest within section 755(1) of ITTOIA 2005 (interest on foreign currency securities etc owned by non-UK residents).

982 Income tax is calculated by reference to gross amounts

If any provision of this Part requires the deduction from a payment of a sum representing income tax at a specified rate, the rate is to be applied to the gross payment, that is to the payment before deduction of a sum representing income tax under this Part.

Status:

Point in time view as at 21/07/2009.

Changes to legislation:

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