



Income Tax Act 2007

2007 CHAPTER 3

PART 15

DEDUCTION OF INCOME TAX AT SOURCE

CHAPTER 6

DEDUCTION FROM ANNUAL PAYMENTS AND PATENT ROYALTIES

Duty to deduct from annual payments

900 Deduction from commercial payments made by individuals

- (1) This section applies to any payment made in a tax year if—
 - (a) it is a qualifying annual payment,
 - (b) the person who makes it is an individual, and
 - (c) it is made for genuine commercial reasons in connection with the individual's trade, profession or vocation.
- (2) The individual must, on making the payment, deduct from it a sum representing income tax on it at the basic rate in force for the tax year.
- (3) Income tax equal to the sum required to be deducted is to be collected through the individual's self-assessment return (see Chapter 17).

Modifications etc. (not altering text)

- C1** S. 900 excluded (1.1.2011) by [The London Olympic Games and Paralympic Games Tax Regulations 2010 \(S.I. 2010/2913\)](#), regs. 1, **3(3)** (with regs. 9, 11)

Status: Point in time view as at 01/01/2011.

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

901 Deduction from annual payments made by other persons

- (1) This section applies to any payment made in a tax year if—
 - (a) it is a qualifying annual payment, and
 - (b) the person who makes it is not an individual.
- (2) But this section does not apply if—
 - (a) an individual's personal representatives make the payment,
 - (b) the individual would have been liable to make it if the individual had not died, and
 - (c) the payment would not have been made for genuine commercial reasons in connection with the individual's trade, profession or vocation, had it been made by the individual.
- (3) If the person who makes the payment has some modified net income for the tax year (see section 1025)—
 - (a) the person must, on making it, deduct from it a sum representing income tax on it at the basic rate in force for the tax year, and
 - (b) income tax equal to the sum required to be deducted is to be collected through the person's self-assessment return (see Chapter 17).
- (4) If the person who makes the payment has no modified net income for the tax year the person by or through whom the payment is made must, on making it, deduct from it a sum representing income tax on it at [^{F1}the basic rate in force for the tax year in which the payment is made] .
- (5) For provision about the collection of income tax in respect of a payment from which a sum must be deducted under subsection (4)—
 - (a) see Chapter 15 if the person making the payment is a UK resident company, and
 - (b) otherwise see Chapter 16.

Textual Amendments

- F1** Words in s. 901(4) substituted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 29](#)

Modifications etc. (not altering text)

- C2** S. 901 excluded (1.1.2011) by [The London Olympic Games and Paralympic Games Tax Regulations 2010 \(S.I. 2010/2913\)](#), regs. 1, [3\(3\)](#) (with regs. 9, 11)

^{F2}902 Meaning of “applicable rate” in section 901

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Textual Amendments

- F2** S. 902 omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 30](#)

Status:

Point in time view as at 01/01/2011.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading:
Duty to deduct from annual payments.