



Income Tax Act 2007

2007 CHAPTER 3

PART 15

DEDUCTION OF INCOME TAX AT SOURCE

CHAPTER 3

DEDUCTION FROM CERTAIN PAYMENTS OF YEARLY INTEREST

Duty to deduct sums representing income tax

874 Duty to deduct from certain payments of yearly interest

- (1) This section applies if a payment of yearly interest arising in the United Kingdom is made—
 - (a) by a company,
 - (b) by a local authority,
 - (c) by or on behalf of a partnership of which a company is a member, or
 - (d) by any person to another person whose usual place of abode is outside the United Kingdom.
- (2) The person by or through whom the payment is made must, on making the payment, deduct from it a sum representing income tax on it at the savings rate in force for the tax year in which it is made.
- (3) But see—
 - (a) sections 875 to 888 as to circumstances in which the duty to deduct a sum under this section is disapplied, and
 - (b) Chapter 11 (payments between companies etc) for a further exception from the duty to deduct under this section.
- (4) See also regulations made under section 17(3) of F(No.2)A 2005 (authorised investment funds)—

Status: Point in time view as at 01/10/2007. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Section 874. (See end of Document for details)

- (a) for provision treating certain amounts shown in the distribution accounts of authorised investment funds as payments of yearly interest, and
 - (b) for exceptions from the duty to deduct under this section which would otherwise apply to such payments.
- (5) For the purposes of subsection (1) the following are to be treated as payments of yearly interest—
- (a) a payment of interest made by a registered industrial and provident society in respect of any mortgage, loan, loan stock or deposit, and
 - (b) any interest, dividend, bonus or other sum payable to a shareholder of such a society by reference to the amount of the shareholder's holding in the share capital of the society.
- (6) For the purposes of subsection (1)—
- (a) a payment made by a company in a fiduciary or representative capacity is not to be treated as a payment made by the company, and
 - (b) a payment made by a local authority in a fiduciary or representative capacity is not to be treated as a payment made by the local authority.
- (7) For provision about the collection of income tax in respect of a payment from which a sum must be deducted under this section—
- (a) see Chapter 15 if the person making the payment is a UK resident company, and
 - (b) otherwise see Chapter 16.

Status:

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