



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 6

EXEMPT INCOME

CHAPTER 9

OTHER INCOME

Interest only income

749 Interest paid under repayment supplements

No liability to income tax arises in respect of interest paid under—

- (a) section 824 of ICTA (repayment supplements: individuals and others), or
- (b) section 283 of TCGA 1992 (repayment supplements).

750 Interest from tax reserve certificates

No liability to income tax arises in respect of interest from tax reserve certificates issued by the Treasury.

751 Interest on damages for personal injury

- (1) No liability to income tax arises in respect of interest on damages for personal injury or death if—
 - (a) it is included in a sum awarded by a court,
 - (b) it does not relate to the period between the making and satisfaction of the award, and

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- (c) in the case of an award by a court in a country outside the United Kingdom, it is exempt from any charge to tax in that place.
- (2) No liability to income tax arises in respect of interest if—
 - (a) it is included in a payment in satisfaction of a cause of action (including a payment into court), and
 - (b) it would fall within subsection (1) if it were included in a sum awarded by a court in respect of a cause of action.
- (3) In subsection (1)—
 - “damages” in Scotland includes solatium, and
 - “personal injury” includes disease and impairment of physical or mental condition.

752 Interest under employees' share schemes

- (1) This section applies if—
 - (a) a scheme is set up to comply with section 153(4)(b) of the Companies Act 1985 (c. 6) or Article 163(4)(b) of the Companies (Northern Ireland) Order 1986 (S.I. 1986/1032 (N.I. 6)) (financial assistance for the purposes of an employees' share scheme), and
 - (b) under the scheme the trustees receive interest from a participant in the scheme.
- (2) So far as the scheme requires the trustees to pay to the company an equivalent amount as interest, no liability to income tax arises under Chapter 2 of Part 4 for the trustees in respect of the interest they receive.

753 Interest on repayment of student loan

- (1) No liability to income tax arises in respect of interest if—
 - (a) it is paid to a person to whom a student loan has been made, and
 - (b) it relates to an amount repaid to the person after being recovered from the person in respect of the loan.
- (2) In this section “student loan” means a loan made under—
 - section 22 of the Teaching and Higher Education Act 1998 (c. 30),
 - section 73(f) of the Education (Scotland) Act 1980 (c. 44), or
 - Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 (S.I. 1998/1760 (N.I. 14)).

754 Redemption of funding bonds

- (1) The redemption of funding bonds is not treated as the payment of interest on a debt for income tax purposes if their issue was treated under section 380 of this Act or section 582(1) of ICTA as the payment of interest on the debt.
- (2) In this section “funding bonds” includes any bonds, stocks, shares, securities or certificates of indebtedness.

755 Interest on foreign currency securities etc. owned by non-UK residents

- (1) This section applies to interest on—

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- (a) such foreign currency securities issued by a local authority or a statutory corporation as the Treasury direct, and
 - (b) such foreign currency loans made to a statutory corporation as the Treasury direct.
- (2) No liability to income tax arises in respect of interest to which this section applies if—
- (a) in the case of interest on a security, its beneficial owner is a non-UK resident, and
 - (b) in the case of interest on a loan, the person for the time being entitled to repayment or eventual repayment is a non-UK resident.
- (3) But interest is not exempt under subsection (2) because a person is a non-UK resident if it is treated as another person's income under—
- Chapter 5 of Part 5 (settlements: amounts treated as income of settlor), or
 - [^{F1}Chapter 2 of Part 13 of ITA 2007](anti-avoidance provisions: transfer of assets abroad).
- (4) In this section—
- “company” means a company, as defined in section 735(1)(a) of the Companies Act 1985 (c. 6) or Article 3(1)(a) of the Companies (Northern Ireland) Order 1986 (S.I. 1986/1032 (N.I. 6)),
 - “foreign currency”, in relation to loans and securities, has the meaning given by section 756, and
 - “statutory corporation” means—
- (a) a corporation incorporated by an Act (other than a company), or
 - (b) any other corporation on which functions connected with carrying on an undertaking are conferred by an Act or by an order made under or confirmed by an Act.

Textual Amendments

- F1** Words in s. 755(3) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 574](#) (with transitional provisions and savings in [Sch. 2](#))

756 Which securities and loans are foreign currency ones for section 755

- (1) For the purposes of section 755, a security or loan is a foreign currency one if under its terms the currency to be used for repayment is not sterling.
- (2) Subsection (1) is subject to the following qualifications.
- (3) A security issued before 6th April 1982 is a foreign currency one if under its terms the currency to be used for repayment is not that of a country specified in Schedule 1 to the Exchange Control Act 1947 (c. 14) at the time of the issue of the security.
- (4) A loan made before that date is a foreign currency one if under its terms the currency to be used for repayment is not that of a country specified in that Schedule at the time the loan was made.

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- (5) If in the case of a security there is an option as to the currency to be used for repayment, the security is only to be treated as a foreign currency one if the option is exercisable only by its holder.
- (6) If in the case of a loan there is an option as to the currency to be used for repayment, the loan is only to be treated as a foreign currency one if the option is exercisable only by the person for the time being entitled to repayment or eventual repayment.

[^{F2}756A Interest on certain deposits of victims of National-Socialist persecution

- (1) No liability to income tax arises in respect of interest which is paid—
 - (a) to or in respect of a victim of National-Socialist persecution,
 - (b) under a qualifying compensation scheme, and
 - (c) for a qualifying purpose in respect of a qualifying deposit of the victim.
- (2) A scheme is a qualifying compensation scheme if—
 - (a) it is constituted (whether under the law of any part of the United Kingdom or elsewhere) by an instrument in writing, and
 - (b) the purpose of the scheme, or one of its purposes, is to make payments of interest to or in respect of victims of National-Socialist persecution for qualifying purposes in respect of qualifying deposits.
- (3) Interest is paid for a qualifying purpose in respect of a deposit if—
 - (a) it is paid for meeting a liability in respect of interest on the deposit, or
 - (b) it is paid for compensating for the effects of inflation on the deposit.
- (4) In relation to a victim of National-Socialist persecution, a deposit is a qualifying deposit if it was made—
 - (a) by, or on behalf of, the victim, and
 - (b) on or before 5th June 1945.
- (5) In this section “deposit” has the [^{F3}same meaning as in Chapter 19 of Part 15 of ITA 2007 (see section 983 of that Act)]

Textual Amendments

- F2** S. 756A inserted (with effect as mentioned in s. 64(7) of the amending Act) by Finance Act 2006 (c. 25), s. 64(2) (with s. 64(9)-(12))
- F3** Words in s. 756A(5) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1027, 1034, Sch. 1 para. 575 (with transitional provisions and savings in Sch. 2)

Interest and royalty payments

757 Interest and royalty payments: introduction

- (1) Sections 758 to 767 make provision for an exemption from income tax in respect of certain interest and royalty payments.
- (2) They give effect to Council Directive 2003/49/EC of 3rd June 2003 on a common system of taxation applicable to interest and royalty payments made between

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associated companies of different member States ^{F4}, as amended by Council Directives 2004/66/EC and ^{F5}, 2004/76/EC and 2006/98/EC ^{F6}] (“the Directive”).

(3) Specifically—

- (a) section 758 sets out the conditions to be met for the exemption to apply,
- (b) sections 759 to 761 explain certain terms used in those conditions,
- (c) section 762 confers powers on the ^{F7}Commissioners] to make regulations about exemption notices,
- (d) sections 763 and 764 make provision for limiting the exemption in the case of certain special relationships,
- (e) section 765 contains anti-avoidance provisions,
- (f) section 766 contains interpretation provisions, and
- (g) section 767 confers power on the Treasury to amend references in sections 757 to 766 to the Directive.

^{F8}(4) See section 914 of ITA 2007 for provision enabling a company to make a royalty payment gross if it reasonably believes that the payment is exempt from income tax as a result of section 758 of this Act.]

Textual Amendments

- F4** Words in s. 757(2) inserted (8.11.2005) by The Exemption From Income Tax For Certain Interest and Royalty Payments (Amendment to Section 97(1) of the Finance Act 2004 and Section 757(2) of the Income Tax (Trading and Other Income) Act 2005) Order 2005 (S.I. 2005/2899), {art. 3}
- F5** Words in s. 757(2) substituted (1.1.2007 with effect as mentioned in art. 1(2)) by The Exemption from Income Tax for Certain Interest and Royalty Payments (Amendment of Section 757(2) of the Income Tax (Trading and Other Income) Act 2005) Order 2006 (S.I. 2006/3288), {art. 2}
- F6** Council Directive 2006/98/EC; OJ No. L363, 20.12.2006, p. 129.
- F7** Word in s. 757(3) substituted (18.4.2005) by Commissioners for Revenue and Customs Act 2005 (c. 11), ss. 50, 53(1), Sch. 4 para. 132(3)(f); S.I. 2005/1126, art. 2(2)(h)
- F8** S. 757(4) inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1027, 1034, Sch. 1 para. 576 (with transitional provisions and savings in Sch. 2)

758 Exemption for certain interest and royalty payments

- (1) No liability to income tax arises in respect of a payment of interest or a payment of a royalty if, at the time the payment is made, conditions A to D are met.
- (2) Condition A is that the person making the payment is—
 - (a) a UK company, but not such a company's permanent establishment in a territory other than the United Kingdom, or
 - (b) a UK permanent establishment of an EU company.

See section 759 as to when a permanent establishment is to be treated as the person making the payment.

- (3) Condition B is that the person beneficially entitled to the income in respect of which the payment is made is an EU company, but not such a company's UK permanent establishment or non-EU permanent establishment.

See section 760 as to when a permanent establishment is to be treated as the person beneficially entitled to the income in respect of which the payment is made.

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- (4) Condition C is that the company in condition A and the company in condition B are 25% associates (see section 761).
- (5) Condition D is that, if the payment is a payment of interest, [^{F9}the Commissioners for Her Majesty's Revenue and Customs][^{F10}have] issued an exemption notice in accordance with regulations under section 762.
- (6) This section is subject to—
 - sections 763 and 764 (special relationships), and
 - section 765 (anti-avoidance).

Textual Amendments

- F9** Words in s. 758(5) substituted (18.4.2005) by Commissioners for Revenue and Customs Act 2005 (c. 11), ss. 50, 53(1), **Sch. 4 para. 132(2)**; S.I. 2005/1126, **art. 2(2)(h)**
- F10** Word in s. 758(5) substituted (18.4.2005) by Commissioners for Revenue and Customs Act 2005 (c. 11), ss. 50, 53(1), **Sch. 4 para. 133(6)**; S.I. 2005/1126, **art. 2(2)(h)**

759 The person making the payment

- (1) This section supplements condition A in section 758.
- (2) It applies in a case where a company is resident in one territory and has a permanent establishment in another territory.
- (3) The permanent establishment (and not the company) is to be treated as the person making the payment so far as (within the meaning of Article 1(3) of the Directive) the payment represents a tax-deductible expense for the permanent establishment in the territory in which it is situated.

760 The person beneficially entitled to the payment

- (1) This section supplements condition B in section 758.
- (2) It applies in a case where an EU company has a UK permanent establishment or a non-EU permanent establishment.
- (3) The permanent establishment (and not the company) is to be treated as the person beneficially entitled to the income in respect of which the payment is made so far as subsections (4) and (5) apply to the payment.
- (4) This subsection applies to the payment if (within the meaning of Article 1(5) of the Directive) it arises in respect of a debt-claim, right or use of information which is effectively connected with the permanent establishment.
- (5) This subsection applies to the payment if (within the meaning of Article 1(5) of the Directive) it represents income in respect of which the permanent establishment is subject in the territory in which it is situated to United Kingdom corporation tax or a tax corresponding to that tax.

761 Meaning of “25% associates”

For the purposes of condition C in section 758, two companies are 25% associates if—

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- (a) one holds directly—
 - (i) 25% or more of the capital in the other, or
 - (ii) 25% or more of the voting rights in the other, or
- (b) a third company holds directly—
 - (i) 25% or more of the capital in each of them, or
 - (ii) 25% or more of the voting rights in each of them.

762 Interest payments: exemption notices

- (1) [^{F11}the Commissioners for Her Majesty’s Revenue and Customs] may make regulations about exemption notices under section 758(5).
- (2) The regulations may in particular make provision for or in connection with—
 - (a) enabling an exemption notice to be issued only on the request of a person of a prescribed description,
 - (b) requiring a person requesting the issue of an exemption notice to certify that conditions A to C in section 758 are met and that section 765 (anti-avoidance) does not apply,
 - (c) the information to be provided in the certificate,
 - (d) the person to whom an exemption notice is to be given,
 - (e) in a case where section 763 (special relationships) applies or may apply to a payment of interest, requiring an exemption notice to specify—
 - (i) the amount of the payment in relation to which the notice has effect, or
 - (ii) the method to be used for determining that amount,
 - (f) imposing a time limit for the issue of an exemption notice,
 - (g) imposing notification requirements,
 - (h) the cancellation of exemption notices by the [^{F12}Commissioners] ,
 - (i) prescribing circumstances in which exemption notices are to become ineffective,
 - (j) the making of appeals (for example, against a refusal to grant, or the cancellation of, an exemption notice),
 - (k) authorising, in cases where—
 - (i) an exemption notice has been issued,
 - (ii) tax has not been deducted from a payment of interest, and
 - (iii) any of the conditions in section 758 were not met in the case of the payment,the recovery of that tax by assessment or by deduction from subsequent payments.

Textual Amendments

- F11** Words in s. 762(1) substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\), ss. 50, 53\(1\), Sch. 4 para. 132\(2\)](#); S.I. 2005/1126, [art. 2\(2\)\(h\)](#)
- F12** Word in s. 762(2) substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\), ss. 50, 53\(1\), Sch. 4 para. 132\(3\)\(g\)](#); S.I. 2005/1126, [art. 2\(2\)\(h\)](#)

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763 Special relationships

- (1) This section applies if—
 - (a) apart from this section, section 758 would apply in relation to a payment of interest or of a royalty,
 - (b) at the time the payment is made there is a special relationship (within the meaning of Article 4(2) of the Directive)—
 - (i) between the company in condition A of section 758 and the company in condition B of that section, or
 - (ii) between one of those companies and another person, and
 - (c) owing to the special relationship, the amount of the payment exceeds the amount which would have been paid in the absence of the relationship (“the arm's length amount”).
- (2) Sections 757 to 767, apart from this section and section 764, have effect in relation to only so much of the payment as does not exceed the arm's length amount (which may be nil).
- (3) Nothing in this section or section 764 affects any relief which may be allowed under any arrangements having effect under section 788 of ICTA (double taxation relief by agreement with other territories).

764 Application of ICTA provisions about special relationships

- (1) The provisions in ICTA mentioned in subsections (2) and (3) apply in relation to section 763 as if that section were a special relationship provision within the meaning of those provisions.
- (2) In the case of a payment of interest, those provisions are subsections (2) to (4) of section 808A of ICTA (interest: special relationship).
- (3) In the case of a payment of a royalty, those provisions are subsections (2) to (7) and (9) of section 808B of ICTA (royalties: special relationship).
- (4) In those provisions as applied in relation to section 763, expressions also used in sections 757 to 767 have the same meaning as in those sections.

765 Anti-avoidance

- (1) Section 758 does not apply in relation to a payment of interest if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the debt-claim in respect of which the interest is paid to take advantage of that section by means of that creation or assignment.
- (2) Section 758 does not apply in relation to a payment of a royalty if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the right in respect of which the royalty is paid to take advantage of that section by means of that creation or assignment.

766 Interest and royalty payments: interpretation

In sections 757 to 767—

“company” has the same meaning as the expression “company of a member State” has for the purposes of the Directive (see Article 3(a) of the Directive),

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“debt-claim” has the same meaning as in the Directive,
 “the Directive” has the meaning given by section 757(2),
 “EU company” means a company resident in a member State other than the United Kingdom,
 “interest” and “royalties” have the meaning given by Article 2 of the Directive,
 “non-EU permanent establishment” means a permanent establishment in a territory other than a member State,
 “UK company” means a company resident in the United Kingdom, and
 “UK permanent establishment” means a permanent establishment in the United Kingdom.

767 Power to amend references to the Directive by order

- (1) The Treasury may by order make such provision amending any reference in sections 757 to 766 to, or to a provision of,—
- (a) the Directive, or
 - (b) any instrument referred to in those sections by virtue of an order made under this section,
- as appears to them appropriate for the purpose of giving effect to any Council Directive adopted after 8th April 2004 amending or replacing the Directive.
- (2) This includes a power to make provision amending any such reference as it applies to [F13 sections 914 to 916 of ITA 2007](payment of royalties without deduction of tax) as a result of [F14 section 917(2) of that Act] .

Textual Amendments

- F13** Words in s. 767(2) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 577\(a\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F14** Words in s. 767(2) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 577\(b\)](#) (with transitional provisions and savings in [Sch. 2](#))

Income from commercial occupation of woodlands

768 Commercial occupation of woodlands

- (1) No liability to income tax arises under Chapter 8 of Part 5 (income not otherwise charged) in respect of income arising from the commercial occupation of woodlands in the United Kingdom.
- (2) For this purpose the occupation of woodlands is commercial if the woodlands are managed—
- (a) on a commercial basis, and
 - (b) with a view to the realisation of profits.

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Housing grants

769 Housing grants

- (1) No liability to income tax arises in respect of a payment if it is made—
 - (a) under an enactment relating to the giving of financial assistance for the provision, maintenance or improvement of housing accommodation or other residential accommodation, and
 - (b) by way of grant or other contribution towards expenses.
- (2) It does not matter whether—
 - (a) the payment is made to the person who incurs the expenses, or
 - (b) the expenses have been, or are to be, incurred.
- (3) Subsection (1) does not apply so far as the payment is made towards an expense which is deductible in calculating income for any income or corporation tax purpose.

Approved share incentive plan distributions

770 Amounts applied by SIP trustees acquiring dividend shares or retained for reinvestment

- (1) This section applies if—
 - (a) shares are awarded to a participant under an approved share incentive plan, and
 - (b) the condition in section 392(3) or (5) is met at the time the shares in question are so awarded (earnings within ITEPA 2003).

This is subject to subsection (4).

- (2) No liability to income tax arises for the participant in respect of—
 - (a) the amount applied by the trustees in acquiring dividend shares on behalf of the participant, or
 - (b) any amount retained under paragraph 68(2) of Schedule 2 to ITEPA 2003 (amount of cash dividend not reinvested).
- (3) Subsection (2) does not affect any liability arising as a result of—
 - (a) the retained amount later being paid out (see sections 393 and 406), or
 - (b) the dividend shares ceasing to be subject to the plan (see sections 394 and 407).
- (4) This section does not apply if the main purpose or one of the main purposes of the arrangements under which the shares are awarded or acquired is the avoidance of tax or national insurance contributions.
- (5) This section forms part of the SIP code (see section 488 of ITEPA 2003: approved share incentive plans).
- (6) Accordingly, expressions used in this section and contained in the index in paragraph 100 of Schedule 2 to that Act (approved share incentive plans) have the meaning indicated by that index.
- (7) In particular—

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- (a) for the meaning of “dividend shares” see paragraph 62(3)(b) of that Schedule,
- (b) for the meaning of “participant” see paragraph 5(4) of that Schedule, and
- (c) for the meaning of “the trustees” see paragraphs 2(2) and 71(1) of that Schedule.

Foreign income of consular officers and employees

771 Relevant foreign income of consular officers and employees

- (1) No liability to income tax arises in respect of relevant foreign income of a consular officer or employee in the United Kingdom for a foreign state if—
 - (a) Her Majesty by Order in Council directs that this section applies to the foreign state for the purpose of giving effect to a reciprocal arrangement with that state, and
 - (b) the officer or employee meets conditions A to C.
- (2) Condition A is that the officer or employee is not—
 - (a) a British citizen,
 - (b) a British overseas territories citizen,
 - (c) a British National (Overseas), or
 - (d) a British Overseas citizen.
- (3) Condition B is that the officer or employee is not engaged in any trade, profession, vocation or employment in the United Kingdom, otherwise than as a consular officer or employee of the state in question.
- (4) Condition C is that the officer or employee—
 - (a) is a permanent employee of that state, or
 - (b) was not ordinarily UK resident immediately before becoming a consular officer or employee in the United Kingdom of that state.
- (5) In this section and section 772—

“consular officer or employee” includes any person employed for the purposes of the official business of a consular officer at—

 - (a) any consulate,
 - (b) any consular establishment, or
 - (c) any other premises used for those purposes, and

“reciprocal arrangement” means a consular convention or other arrangement with a foreign state, making similar provision to that made by this section and sections 302, 646A and 681A of ITEPA 2003 in the case of Her Majesty's consular officers or employees in that state.

772 Further provisions about Orders under section 771

- (1) An Order in Council under section 771 may limit the operation of that section in relation to a state in any way appearing to Her Majesty appropriate having regard to the reciprocal arrangement with the state.
- (2) An Order under that section may be made so as to have effect from a date earlier than that on which it is made, but not earlier than the reciprocal arrangement in question comes into force.

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- (3) An Order under that section may contain such transitional provisions as appear to Her Majesty appropriate.
- (4) A statutory instrument containing an Order under that section is subject to annulment in pursuance of a resolution of the House of Commons.

Income of non-UK residents from certain securities

773 Income from Inter-American Development Bank securities

- (1) No liability to income tax arises for a non-UK resident in respect of income from a security issued by the Inter-American Development Bank if the liability only arises because one or more of circumstances A to C apply.
- (2) Circumstance A is that the security is issued in the United Kingdom or in sterling.
- (3) Circumstance B is that the income is made payable or paid in the United Kingdom or in sterling.
- (4) Circumstance C is that the Bank maintains an office or other place of business in the United Kingdom.

774 Income from securities issued by designated international organisations

- (1) No liability to income tax arises for a non-UK resident in respect of income from a security issued by an organisation if—
 - (a) the organisation has been designated by the Treasury for the purposes of this section, and
 - (b) the liability only arises because one or more of circumstances A to C apply.
- (2) Circumstance A is that the security is issued in the United Kingdom or in sterling.
- (3) Circumstance B is that the income is made payable or paid in the United Kingdom or in sterling.
- (4) Circumstance C is that the organisation maintains an office or other place of business in the United Kingdom.
- (5) The Treasury may by order designate for the purposes of this section—
 - (a) any of the Communities,
 - (b) the European Investment Bank,
 - (c) any international organisation that meets conditions A and B.
- (6) Condition A is that one of its members is the United Kingdom or any of the Communities.
- (7) Condition B is that the agreement under which that member became a member provides for the same kind of exemption from tax for income from securities issued by the organisation as this section provides.

Other

775 Income towards reducing the national debt

- (1) This section applies if property is held on trust in accordance with directions which are valid and effective under section 9 of the Superannuation and other Trust Funds (Validation) Act 1927 (c. 41) (validation of trust funds for the reduction of the national debt).
- (2) No liability to income tax arises in respect of any of the following—
 - (a) income arising from the property,
 - (b) income arising from the accumulation of that income, and
 - (c) profits of any description otherwise accruing to the property and liable to be accumulated under the trust.

776 Scholarship income

- (1) No liability to income tax arises in respect of income from a scholarship held by an individual in full-time education at a university, college, school or other educational establishment.
- (2) This exemption is subject to section 215 of ITEPA 2003 (under which only the scholarship holder is entitled to the exemption if the scholarship is provided by reason of another person's employment).
- (3) In this section “scholarship” includes a bursary, exhibition or other similar educational endowment.

777 VAT repayment supplements

No liability to income tax arises in respect of a sum paid by way of supplement under section 79 of VATA 1994 (VAT repayment supplements).

778 Incentives to use electronic communications

No liability to income tax arises in respect of anything received by way of incentive under any regulations made in accordance with Schedule 38 to FA 2000 (regulations for providing incentives for electronic communications).

779 Gains on commodity and financial futures

- (1) No liability to income tax arises as a result of Chapter 8 of Part 5 (income not otherwise charged) in respect of a gain arising to a person in the course of dealing in—
 - (a) commodity or financial futures,
 - (b) traded options, or
 - (c) financial options.
- (2) The reference in subsection (1) to a gain arising in the course of dealing in commodity or financial futures includes a gain regarded as so arising under section 143(3) of TCGA 1992 (gains arising from transactions otherwise than in the course of dealing on a recognised futures exchange, involving authorised persons).
- (3) In this section—

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Chapter 9. (See end of Document for details)

“commodity or financial futures” means commodity futures or financial futures that are for the time being dealt in on a recognised futures exchange,

“financial option” has the meaning given by section 144(8)(c) of TCGA 1992, and

“traded option” has the meaning given by section 144(8)(b) of that Act.

780 Disabled person's vehicle maintenance grant

- (1) No liability to income tax arises in respect of a disabled person's vehicle maintenance grant.
- (2) For this purpose a “disabled person's vehicle maintenance grant” means a grant to any person owning a vehicle that is made under—
 - (a) [^{F15}paragraph 10 of Schedule 1 to the National Health Service Act 2006 or paragraph 10 of Schedule 1 to National Health Service (Wales) Act 2006]
 - (b) section 46(3) of the National Health Service (Scotland) Act 1978 (c. 29), or
 - (c) Article 30 of the Health and Personal Social Services (Northern Ireland) Order 1972 (S.I. 1972/1265 (N.I. 14)).

Textual Amendments

F15 Words in s. 780(2)(a) substituted (1.3.2007) by [National Health Service \(Consequential Provisions\) Act 2006 \(c. 43\)](#), ss. 2, 8(2), [Sch. 1 para. 276](#) (with [Sch. 3 Pt. 1](#))

781 Payments under New Deal 50plus

- (1) No liability to income tax arises in respect of a payment that is made—
 - (a) by way of training grant under the “New Deal 50plus” scheme, and
 - (b) to a person as a participant in that scheme.
- (2) For this purpose the “New Deal 50plus” scheme means —
 - (a) the scheme under section 2(2) of the Employment and Training Act 1973 (c. 50) known as “New Deal 50plus”, or
 - (b) the corresponding scheme under section 1 of the Employment and Training Act (Northern Ireland) 1950 (c. 29 (N.I.)).

782 Payments under employment zone programme

- (1) No liability to income tax arises in respect of a payment that is made to a person as a participant in an employment zone programme.
- (2) For this purpose an “employment zone programme” means an employment zone programme established for an area or areas designated under section 60 of the Welfare Reform and Pensions Act 1999 (c. 30).

[^{F16}782A Domestic microgeneration

- (1) No liability to income tax arises in respect of income arising to an individual from the sale of electricity generated by a microgeneration system if—

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Chapter 9. (See end of Document for details)

- (a) the system is installed at or near domestic premises occupied by the individual, and
- (b) the individual intends that the amount of electricity generated by it will not significantly exceed the amount of electricity consumed in those premises.

(2) In subsection (1)—

“domestic premises” means premises used wholly or mainly as a separate private dwelling, and

“microgeneration system” has the same meaning as in section 4 of the Climate Change and Sustainable Energy Act 2006.]

Textual Amendments

F16 S. 782A inserted (19.7.2007 with effect as stated in s. 20(2) of the amending Act) by Finance Act 2007 (c. 11), s. 20(1)

[^{F17}782B Renewables obligation certificates for domestic microgeneration

(1) No liability to income tax arises in respect of the receipt by an individual of a renewables obligation certificate if—

- (a) the individual receives the certificate in connection with the generation of electricity by a microgeneration system,
- (b) the system is installed at or near domestic premises occupied by the individual, and
- (c) the individual intends that the amount of electricity generated by it will not significantly exceed the amount of electricity consumed in those premises.

(2) In subsection (1)—

“domestic premises” and “microgeneration system” have the same meaning as in section 782A, and

“renewables obligation certificate” means a certificate issued under section 32B of the Electricity Act 1989 or Article 54 of the Energy (Northern Ireland) Order 2003.]

Textual Amendments

F17 S. 782B inserted (19.7.2007 with effect as stated in s. 21(3) of the amending Act) by Finance Act 2007 (c. 11), s. 21(1)

Status:

Point in time view as at 19/07/2007.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Chapter 9.