



Finance Act 2007

2007 CHAPTER 11

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Other income tax measures

60 Gift aid: limits

- (1) In section 418 of ITA 2007 (donations to charity by individuals: limits)—
 - (a) in subsection (2)(c), for “2.5%” substitute “ 5% ”, and
 - ^{F1}(b)
- ^{F2}(2)
- (3) The amendment made by subsection (1) has effect in relation to gifts made on or after 6th April 2007.
- (4) The amendment made by subsection (2) has effect in relation to gifts made in an accounting period ending on or after 6th April 2007.

Textual Amendments

- F1** S. 60(1)(b) omitted (with effect in accordance with s. 41(4) of the amending Act) by virtue of [Finance Act 2011 \(c. 11\), s. 41\(3\)](#)
- F2** S. 60(2) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 3 Pt. 1](#) (with [Sch. 2](#))

61 Enterprise management incentives: excluded activities

- (1) In Part 3 of Schedule 5 to ITEPA 2003 (enterprise management incentives: qualifying companies), in paragraph 19 (excluded activities: receipt of royalties or licence fees)—
 - (a) in sub-paragraph (4), for paragraphs (a) and (b) substitute—

Status: Point in time view as at 01/05/2023.

Changes to legislation: Finance Act 2007, Cross Heading: Other income tax measures is up to date with all changes known to be in force on or before 15 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- “(a) by the relevant company, or
 - (b) by a company which was a qualifying subsidiary of the relevant company throughout a period during which it created the whole or greater part (in terms of value) of the intangible asset.”, and
 - (b) after sub-paragraph (7) insert—
 - “(8) If—
 - (a) the relevant company acquired all the shares (“old shares”) in another company (“the old company”) at a time when the only shares issued in the relevant company were subscriber shares, and
 - (b) the consideration for the old shares consisted wholly of the issue of shares in the relevant company,
 references in sub-paragraph (4) to the relevant company include the old company.”
- (2) The amendments made by subsection (1) have effect in relation to options granted on or after 6th April 2007.
- (3) They also have effect in relation to a qualifying option within subsection (4), for the purpose of determining at any time on or after that date whether an activity is an excluded activity.
- (4) An option is within this subsection if it was granted before 6th April 2007 and, immediately before that date—
 - (a) it had not been exercised, and
 - (b) no disqualifying event had occurred in relation to it.
- (5) Subsection (6) applies in respect of an option within subsection (4) if—
 - (a) immediately before 6th April 2007—
 - (i) the right to exploit an intangible asset (“the asset”) was vested in the relevant company or a subsidiary of it (in either case, alone or jointly with others), and
 - (ii) the asset was a relevant intangible asset,
 - (b) at any time on or after that date, an activity carried on by the relevant company or a subsidiary of it would be an excluded activity by reason only of the receipt of royalties or licence fees attributable to the exploitation of the asset, and
 - (c) the activity would not be an excluded activity if the amendments made by subsection (1) had not been made.
- (6) The activity is to be treated, in relation to the option, as not being an excluded activity at that time.

62 Benefits code: whether employment is “lower-paid employment”

- (1) In section 219 of ITEPA 2003 (exclusion of lower-paid employments from parts of benefits code: extra amounts to be added in connection with a car), omit subsections (5) and (6).
- (2) The repeal made by subsection (1) has effect for the tax year 2007-08 and subsequent tax years.

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63 Armed forces redundancy schemes

(1) In section 411 of ITEPA 2003 (exception for payments and benefits for forces), the existing provision becomes subsection (1) and after that subsection insert—

“(2) This Chapter does not apply to a payment or other benefit provided under a scheme established by an order under section 1(1) of the Armed Forces (Pensions and Compensation) Act 2004.”

(2) The amendments made by subsection (1) have effect for the tax year 2006-07 and subsequent tax years.

64 Armed forces: the Operational Allowance

(1) In ITEPA 2003, after section 297 insert—

“297A Armed forces: the Operational Allowance

(1) No liability to income tax arises in respect of payments to members of the armed forces of the Crown of the Operational Allowance.

(2) The Operational Allowance is an allowance designated as such by the Secretary of State.”

(2) The amendment made by subsection (1) has effect in relation to payments whenever made.

65 Service charge income

(1) Section 480 of ITA 2007 (meaning of “accumulated or discretionary income”) is amended as follows.

(2) In subsection (3)(c) (income from service charges held on trust by relevant housing body), for the words after “charges” substitute “which are paid in respect of dwellings in the United Kingdom and are held on trust.”

(3) For subsections (5) and (6) substitute—

“(5) In subsection (3)(c) “service charges” has the meaning given by section 18 of the Landlord and Tenant Act 1985 (but as if that section also applied in relation to dwellings in Scotland and Northern Ireland).”

(4) The amendments made by this section have effect for the tax year 2007-08 and subsequent tax years.

66 Charge on benefits received by former owner of property: late elections

(1) In paragraph 23 of Schedule 15 to FA 2004 (charge to income tax on benefits received by former owner of property), for sub-paragraphs (3) and (4) substitute—

“(3) The election must be made on or before—

- (a) the relevant filing date, or
- (b) such later date as an officer of Revenue and Customs may, in a particular case, allow.”

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- (2) The amendment made by subsection (1) is deemed to have come into force on 21st March 2007.

67 Unpaid remuneration and employee benefit contributions

- (1) Section 31 of ITTOIA 2005 (relationship between rules prohibiting and allowing deductions: trading income) is amended as follows.
- (2) In subsection (1) (priority of relevant permissive rules over relevant prohibitive rules), in paragraph (b) (sections to which that priority rule is subject), for “sections 48 (car or motor cycle hire) and” substitute “ section 36 (unpaid remuneration), section 38 (employee benefit contributions), section 48 (car or motor cycle hire) and section ”.
- (3) In subsection (3) (meaning of “relevant prohibitive rule”), after “sections” insert “ 36, 38, ”.
- (4) Section 274 of ITTOIA 2005 (provision corresponding to section 31 of that Act in case of property income) is amended as follows.
- (5) In subsection (1)(b), for “sections 48 (car or motor cycle hire) and” substitute “ section 36 (unpaid remuneration), section 38 (employee benefit contributions), section 48 (car or motor cycle hire) and section ”.
- (6) In subsection (3), after “sections” insert “ 36, 38, ”.
- (7) The amendments made by this section have effect for the tax year 2007-08 and subsequent tax years.

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