

*These notes refer to the Income Tax Act 2007 (c.3)
which received Royal Assent on 20 March 2007*

INCOME TAX ACT 2007

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 15: Deduction of income tax at source

Overview

Chapter 4: Deduction from payments in respect of building society securities

Overview

2678. This Chapter requires building societies to deduct sums representing income tax from payments of dividends and interest on certain securities which are listed or capable of being listed on a recognised stock exchange.
2679. Other payments of dividends and interest made by building societies are dealt with in Chapter 2 of this Part.

Section 889: Payments in respect of building society securities

2680. This section sets out the duty to deduct sums representing income tax from payments made in respect of certain building society shares or securities which are listed or capable of being listed on a recognised stock exchange. It is based on sections 4(1A) and (2) and 349(3A), (3B) and (4) of ICTA.
2681. *Subsection (3)* provides that qualifying certificates of deposit, qualifying uncertificated eligible debt security units and quoted Eurobonds are not subject to the duty to deduct under this Chapter.
2682. The references to qualifying deposit right in section 349(3A) and (4) of ICTA have not been rewritten as they are obsolete. See *Change 133* in Annex 1.
2683. *Subsection (4)* provides the duty to deduct a sum representing income tax, and makes it explicit that the rate at which tax is to be deducted is the savings rate, that being the rate applicable to income within Chapter 2 of Part 4 of ITTOIA.
2684. *Subsection (7)* defines “dividend” as including any distribution and defines “security” as including a share, including in particular a “permanent interest bearing share” as defined in section 117 of TCGA.