



Income Tax Act 2007

2007 CHAPTER 3

PART 12

ACCRUED INCOME PROFITS

CHAPTER 2

ACCRUED INCOME PROFITS AND LOSSES

Interpretation

671 Meaning of “interest”

- (1) In this Chapter “interest” includes dividends and any other return (however described).
- (2) But it does not include a return consisting of the difference between the amount payable on a security's redemption and its issue price.

672 Meaning of “interest payment day”

- (1) In this Chapter “interest payment day”, in relation to securities of any kind, means a day on which interest on those securities is payable.
- (2) If a particular payment of interest may be made on one of a number of days, the first of them is the interest payment day.

673 Meaning of “interest period”

- (1) The general rule is that for the purposes of this Chapter—
 - (a) the first interest period of securities of any kind begins with the day after that on which those securities are first issued and ends with the first interest payment day or, if it is earlier, the expiry of 12 months, and

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- (b) any other interest period of those securities begins with the day after the last day of their previous interest period and ends with the next interest payment day or, if it is earlier, the expiry of 12 months.
- (2) Subsection (1) is subject to subsections (3) and (4).
- (3) The last interest period of securities of any kind ends with the last interest payment day for those securities, unless subsection (4) applies.
- (4) An interest period of securities of any kind in which either of the events specified in subsection (5) occurs is treated as ending on the day on which it would have ended apart from that event.
- (5) The events are—
 - (a) a conversion of those securities, and
 - (b) if those securities are gilt-edged securities, the exchange of those securities for strips of those securities.
- (6) In this section “strip” has the meaning given by section 444 of ITTOIA 2005.
- (7) See also section 667(5) (construction of reference to “interest period” in section 667(2)).

674 Meaning of “the settlement day”

- (1) For the purposes of this Chapter the settlement day for a transfer of securities in accordance with the rules of a recognised market is—
 - (a) the day on which the transferee agrees to settle, or
 - (b) if the transferee may settle on one of a number of days, the day on which settlement actually occurs.
- (2) The settlement day for a transfer of securities which is not in accordance with such rules is determined in accordance with subsection (3), (4) or (6) (and see also section 649(6): settlement day where new securities issued with extra return).
- (3) If—
 - (a) the consideration for the transfer is money alone, and
 - (b) the transferee agrees to pay the whole of it on or before the first interest payment day after an agreement for the transfer is made,

the settlement day is the day on which the transferee agrees to make the payment or, if payment may be made on one of a number of days, or on a number of different days, the latest of them.
- (4) If—
 - (a) there is no consideration for the transfer, or
 - (b) the transfer is a transfer because of a provision specified in subsection (5),

the settlement day is the day on which the securities are transferred.
- (5) The provisions are—
 - section 620(1)(b) or (c) (conversion, or redemption of variable rate securities),
 - section 648(1) or (3) (exchanges relating to strips of gilt-edged securities),
 - section 650 (trading stock appropriations etc),
 - section 651 (owner becoming entitled to securities as trustee), and

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section 652 (securities ceasing to be held on charitable trusts).

(6) If neither subsection (3) nor (4) applies, the settlement day is such day as an officer of Revenue and Customs decides.

[^{F1}(7) On any appeal that is notified to the tribunal, the jurisdiction of the tribunal includes jurisdiction to affirm or replace such a decision.]

Textual Amendments

F1 S. 674(7) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 454](#)

675 The holding of securities

- (1) For the purposes of this Chapter, a person holds securities—
 - (a) at a particular time if the person is entitled to them at that time, and
 - (b) on a particular day if the person is entitled to them throughout that day or becomes and does not cease to be entitled to them on that day.
- (2) A person acquires securities when the person becomes entitled to them.
- (3) If a Scottish partnership carries on a trade or business—
 - (a) any partnership dealings are treated as dealings by the partners and not by the partnership as such, and
 - (b) the partners are treated as being entitled to securities held by the partnership.

676 Nominal value of securities: general

- (1) If the interest on securities is expressed to be payable by reference to a given value, for the purposes of this Chapter their nominal value is that value.
- (2) In any other case, the nominal value of securities for those purposes is their price when they were issued.
- (3) See section 677 if the nominal value of the securities is expressed in a currency other than sterling.

677 Nominal value: foreign currency securities

- (1) If the nominal value of securities is expressed in a currency other than sterling (“a foreign currency”), for the purposes of this Chapter their nominal value on any day is taken to be the sterling equivalent on that day of that value.
- (2) For the purposes of this section, the sterling equivalent of a value in a foreign currency is to be calculated by reference to the London closing rate of exchange for the day concerned.

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