



Income Tax Act 2007

2007 CHAPTER 3

PART 14 **U.K.**

INCOME TAX LIABILITY: MISCELLANEOUS RULES

^{F1}CHAPTER A1 **U.K.**

REMITTANCE BASIS

^{F1}Effect of section 809B, 809D or 809E applying

Textual Amendments

- F1** Pt. 14 Ch. A1 inserted (21.7.2008 with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 1](#) (with [Sch. 7 paras. 85-89](#))

809F Effect on what is chargeable **U.K.**

- (1) This section applies if section 809B, 809D or 809E applies to an individual for a tax year.
- (2) The individual's relevant foreign earnings for that year are charged in accordance with section 22 or 26 of ITEPA 2003.
- (3) The individual's relevant foreign income for that year is charged in accordance with section 832 of ITTOIA 2005.
- (4) If the individual is not domiciled in the United Kingdom in that year, the individual's foreign chargeable gains for that year are charged in accordance with section 12 of TCGA 1992.

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- (5) For the effect on amounts which count as employment income of the individual under certain provisions of Part 7 of ITEPA 2003 (employment-related securities), see Chapter 5A of Part 2 of that Act.
- (6) Nothing in this section applies in relation to nominated income or chargeable gains (see section 809H).

809G Claim for remittance basis: effect on allowances etc U.K.

- (1) This section applies if section 809B (claim for remittance basis to apply) applies to an individual for a tax year.
- (2) For that year, the individual is not entitled to—
 - (a) any allowance under Chapter 2 of Part 3 (personal allowance and blind person's allowance),
 - (b) any tax reduction under Chapter 3 of that Part (tax reductions for married couples and civil partners), or
 - (c) any relief under section 457, 458 or 459 (payments for life insurance etc).
- (3) See also section 3(1A) of TCGA 1992 (no annual exempt amount for chargeable gains).

809H Claim for remittance basis by long-term UK resident: charge U.K.

- (1) This section applies if—
 - (a) section 809B (claim for remittance basis to apply) applies to an individual for a tax year (“the relevant tax year”),
 - (b) the individual is aged 18 or over in the relevant tax year, and
 - (c) the individual has been UK resident in at least 7 of the 9 tax years immediately preceding the relevant tax year.
- (2) Income tax is charged on nominated income, and capital gains tax is charged on nominated chargeable gains, as if section 809B did not apply to the individual for the relevant tax year (and neither did section 809D).
- (3) “Nominated” income or chargeable gains means income or chargeable gains nominated under section 809C in the individual's claim under section 809B for the relevant tax year.
- (4) If the relevant tax increase would otherwise be less than £30,000, subsection (2) has effect as if—
 - (a) in addition to the income and gains actually nominated under section 809C in the individual's claim under section 809B for the relevant tax year, an amount of income had been nominated so as to make the relevant tax increase equal to £30,000, and
 - (b) the individual's income for that year were such that such a nomination could have been made (if that is not the case).
- (5) “The relevant tax increase” is—
 - (a) the total amount of income tax and capital gains tax payable by the individual for the relevant tax year, minus

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- (b) the total amount of income tax and capital gains tax that would be payable by the individual for the relevant tax year apart from subsection (2).

[The references to income tax in subsection (5) do not include income tax under ^{F2}(5A) section 424 (gift aid).]

- (6) Nothing in subsection (4) affects what is regarded, for the purposes of section 809I or 809J, as nominated under section 809C.

Textual Amendments

F2 S. 809H(5A) inserted (with effect in accordance with Sch. 27 para. 15(1) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 27 para. 5](#)

809I Remittance basis charge: income and gains treated as remitted **U.K.**

- (1) This section applies if—
- any of an individual's nominated income and gains is remitted to the United Kingdom in a tax year, and
 - any of the individual's remittance basis income and gains has not been remitted to the United Kingdom in or before that year.
- (2) Income tax and capital gains tax are charged, for that year and subsequent tax years, as if the income and chargeable gains treated under section 809J as remitted to the United Kingdom by the individual in that tax year had been so remitted (and income and chargeable gains of the individual that were actually remitted in that year had not been).
- (3) An individual's “nominated income and gains” are the total income and chargeable gains nominated by the individual under section 809C for the tax year mentioned in subsection (1)(a) or any earlier tax year.
- (4) An individual's “remittance basis income and gains” are the foreign income and gains of the individual for all the tax years (up to and including the tax year mentioned in subsection (1)(a)) for which section 809B, 809D or 809E applies to the individual, apart from the individual's nominated income and gains.

809J Section 809I: order of remittances **U.K.**

- (1) If section 809I applies, the following steps are to be taken for the purpose of determining the income or gains treated in a tax year (“the relevant tax year”) as remitted to the United Kingdom by the individual.

Step 1

Find the total amount of—

- the individual's nominated income and gains, and
- the individual's remittance basis income and gains,

that have been remitted to the United Kingdom in the relevant tax year.

This amount is “the relevant amount”.

Step 2

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Find the amount of foreign income and gains of the individual for the relevant tax year (other than income or chargeable gains nominated under section 809C) that is within each of the categories of income and gains in paragraphs (a) to (h) of subsection (2).

If none of sections 809B, 809D and 809E apply to the individual for that year, treat those amounts as nil (and accordingly go to step 6).

Step 3

Find the earliest paragraph for which the amount determined under step 2 is not nil.

If that amount does not exceed the relevant amount, treat the individual as having remitted the income or gains within that paragraph (and for that tax year).

Otherwise, treat the individual as having remitted the relevant proportion of each kind of income or gains within that paragraph (and for that tax year).

“The relevant proportion” is the relevant amount divided by the amount determined under step 2 for that paragraph.

Step 4

Reduce the relevant amount by the amount taken into account under step 3.

Step 5

If the relevant amount (as reduced under step 4) is not nil, start again at step 3.

In step 3, read the reference to the earliest paragraph of the kind mentioned there as a reference to the earliest such paragraph which has not previously been taken into account under that step.

Step 6

If the relevant amount (as reduced) is not nil once steps 3 to 5 have been undertaken in relation to all paragraphs of subsection (2) for which the amount determined under step 2 is not nil, start again at step 2.

In step 2, read the reference to the foreign income and gains of the individual for the relevant tax year as a reference to such of the foreign income and gains of the individual for the appropriate tax year as had not been remitted by the beginning of the relevant tax year.

“The appropriate tax year” is the latest tax year which is—

- (a) before the last tax year for which step 2 has been undertaken, and
- (b) a tax year for which section 809B, 809D or 809E applies to the individual.

(2) The kinds of income and gains are—

- (a) relevant foreign earnings (other than those subject to a foreign tax),
- (b) foreign specific employment income (other than income subject to a foreign tax),
- (c) relevant foreign income (other than income subject to a foreign tax),
- (d) foreign chargeable gains (other than gains subject to a foreign tax),
- (e) relevant foreign earnings subject to a foreign tax,
- (f) foreign specific employment income subject to a foreign tax,
- (g) relevant foreign income subject to a foreign tax, and

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- (h) foreign chargeable gains subject to a foreign tax.
- (3) In this section the individual's “nominated income and gains” are the total income and chargeable gains nominated by the individual under section 809C for the relevant tax year or any earlier tax year.
- (4) In step 1 of subsection (1) the individual's “remittance basis income and gains” are the foreign income and gains of the individual for all the tax years (up to and including the relevant tax year) for which section 809B, 809D or 809E applies to the individual, apart from the individual's nominated income and gains.
- (5) In step 6 of subsection (1) the reference to income or gains being remitted is—
 - (a) as respects any tax year before section 809I applies, to income or gains being remitted to the United Kingdom, and
 - (b) as respects any tax year in relation to which that section applies, to income or gains treated under this section as so remitted.
- (6) In subsection (2) “foreign tax” means any tax chargeable under the law of a territory outside the United Kingdom.]

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