



Income Tax Act 2007

2007 CHAPTER 3

PART 15

DEDUCTION OF INCOME TAX AT SOURCE

CHAPTER 11

PAYMENTS BETWEEN COMPANIES ETC: EXCEPTION FROM DUTIES TO DEDUCT

Excepted payments

933 UK resident companies

A payment is an excepted payment if the person beneficially entitled to the income in respect of which the payment is made is a UK resident company.

934 Non-UK resident companies

- (1) A payment is an excepted payment if each of the following conditions is met in relation to the payment.
- (2) The person beneficially entitled to the income in respect of which the payment is made must be a non-UK resident company.
- (3) The non-UK resident company must carry on a trade in the United Kingdom through a permanent establishment.
- (4) The payment must be one that is required to be brought into account in calculating the chargeable profits (within the meaning given by section 11(2) of ICTA) of the non-UK resident company.

935 PEP and ISA managers

- (1) A payment is an excepted payment if each of the following conditions is met in relation to the payment.
- (2) The person to whom the payment is made must be, or must be the nominee of, the plan manager of a plan of a kind to which regulations under Chapter 3 of Part 6 of ITTOIA 2005 (income from individual investment plans) apply.
- (3) The plan manager must receive the payment in respect of investments under the plan.

936 Recipients who are to be paid gross

- (1) A payment is an excepted payment if it is made to, or to the nominee of, a recipient who is specified in subsection (2) as a recipient who is to be paid gross.
- (2) The following recipients are to be paid gross—
 - (a) a local authority,
 - (b) a health service body within the meaning of section 519A(2) of ICTA,
 - (c) a public office or department of the Crown other than one mentioned in section 978(2),
 - (d) a charity,
 - (e) a body for the time being mentioned in section 507(1) of ICTA (bodies that are allowed the same exemption from tax as charitable companies the whole income of which is applied to charitable purposes),
 - (f) an Association which complies with the conditions in section 508(1) of ICTA (scientific research organisations),
 - (g) the scheme administrator of a registered pension scheme,
 - (h) the sub-scheme administrator of a sub-scheme which forms part of a split scheme pursuant to the Registered Pensions (Splitting of Schemes) Regulations 2006 (*S.I. 2006/569*),
 - (i) the trustees of a scheme entitled to exemption under section 613(4) of ICTA (Parliamentary pension funds), and
 - (j) the persons entitled to receive the income of a fund entitled to exemption under section 614(3) of ICTA (certain colonial, etc pension funds).
- (3) The Treasury may by order amend this section so as to add to, restrict or otherwise alter the persons or bodies who are to be paid gross.

937 Partnerships

- (1) A payment is an excepted payment if each of the following conditions are met.
- (2) A partnership must be beneficially entitled to the income in respect of which the payment is made.
- (3) Each partner in the partnership must be—
 - (a) a person or body mentioned in section 936, or
 - (b) a person or body to whom one of subsections (4) to (6) applies.
- (4) This subsection applies to a UK resident company.
- (5) This subsection applies to a company that—

- (a) is non-UK resident,
 - (b) carries on a trade in the United Kingdom through a permanent establishment, and
 - (c) is required to bring into account, in calculating its chargeable profits (within the meaning of section 11(2) of ICTA), the whole of any share of the payment that is attributable to it because of sections 114 and 115 of ICTA.
- (6) This subsection applies to the European Investment Fund.
- (7) The Treasury may by order amend this section to add to, restrict or otherwise alter the persons or bodies falling within subsection (3)(b).