



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 15

#### DEDUCTION OF INCOME TAX AT SOURCE

### CHAPTER 6

#### DEDUCTION FROM ANNUAL PAYMENTS AND PATENT ROYALTIES

#### *Supplementary*

#### **904 Annual payments for dividends or non-taxable consideration**

- (1) For the purposes of section 899(5)(f) and 903(2)(b) this section applies to an annual payment which meets the conditions in subsections (2) to (7).
- (2) The payment must be a payment charged to—
  - (a) income tax under Part 5 of ITTOIA 2005, or
  - (b) corporation tax under Case III of Schedule D.
- (3) The payment must be made under a liability incurred for consideration in money or money's worth all or any of which—
  - (a) consists of a dividend or the right to receive a dividend, or
  - (b) is not required to be brought into account in calculating for the purposes of income tax or corporation tax the income of the person making the payment.
- (4) The payment must not be a payment of income—
  - (a) which arises under a settlement made by one party to a marriage or civil partnership by way of provision for the other—
    - (i) after the dissolution or annulment of the marriage or civil partnership,
  - or

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*Status: Point in time view as at 06/04/2007.*

*Changes to legislation: There are currently no known outstanding effects for the  
Income Tax Act 2007, Cross Heading: Supplementary. (See end of Document for details)*

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- (ii) while they are separated under an order of a court, or under a separation agreement, or if the separation is likely to be permanent, and
  - (b) which is payable to, or applicable for the benefit of, the other party.
- (5) The payment must not be made by an individual for genuine commercial reasons in connection with the individual's trade, profession or vocation.
  - (6) The payment must not be made to an individual under a liability incurred at any time in consideration of the individual surrendering, assigning or releasing an interest in settled property to or in favour of a person with a subsequent interest.
  - (7) The payment must not be a payment of an annuity granted in the ordinary course of a business of granting annuities.
  - (8) In the application of this section to Scotland the reference in subsection (6) to settled property is to be read as a reference to property held in trust.

## **905 Interpretation of Chapter**

In this Chapter “individual” includes a Scottish partnership if at least one partner is an individual.

**Status:**

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**Changes to legislation:**

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