



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 17

#### DEFINITIONS FOR PURPOSES OF ACT AND FINAL PROVISIONS

##### *Definitions for the purposes of Act*

#### **1017 Abbreviated references to Acts**

In this Act—

“CAA 2001” means the Capital Allowances Act 2001 (c. 2),

[<sup>F1</sup>“CTA 2009” means the Corporation Tax Act 2009,]

[<sup>F2</sup>“CTA 2010” means the Corporation Tax Act 2010,]

“FA”, followed by a year, means the Finance Act of that year,

“F(No.2)A”, followed by a year, means the Finance (No.2) Act of that year,

“FISMA 2000” means the Financial Services and Markets Act 2000 (c. 8),

“ICTA” means the Income and Corporation Taxes Act 1988 (c. 1),

“IHTA 1984” means the Inheritance Tax Act 1984 (c. 51),

“ITEPA 2003” means the Income Tax (Earnings and Pensions) Act 2003 (c. 1),

“ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005 (c. 5),

“TCGA 1992” means the Taxation of Chargeable Gains Act 1992 (c. 12),

[<sup>F3</sup>“TIOPA 2010” means the Taxation (International and Other Provisions) Act 2010, and]

“TMA 1970” means the Taxes Management Act 1970 (c. 9).

#### **Textual Amendments**

- F1** Words in s. 1017 inserted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 720** (with Sch. 2 Pts. 1, 2)

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- F2** Words in s. 1017 inserted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 570** (with Sch. 2)
- F3** Words in s. 1017 substituted (18.3.2010) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(2)(c), **Sch. 8 para. 328** (with Sch. 9 paras. 1-9, 22)

### **1018 “Act” to include Scottish and Northern Ireland legislation in some cases**

- (1) In the following provisions of this Act, “Act” includes an Act of the Scottish Parliament—
- section 66 (restriction on relief unless trade is commercial),
  - section 532 (exemption for savings and investment income),
  - section 536 (exemption for miscellaneous income),
  - section 558 (approved charitable investments),
  - section 1028 (power to make consequential provision), and
  - section 1029 (power to undo changes).
- (2) In the following provisions of this Act, “Act” includes Northern Ireland legislation—
- section 66 (restriction on relief unless trade is commercial),
  - section 114 (exclusion of amounts in calculating contribution to the firm),
  - section 532 (exemption for savings and investment income),
  - section 536 (exemption for miscellaneous income),
  - section 558 (approved charitable investments),
  - section 802 (exclusion of amounts in calculating partner's capital contribution),
  - section 1028 (power to make consequential provision), and
  - section 1029 (power to undo changes).

### **1019 Meaning of “certificate of deposit”**

In this Act “certificate of deposit” means a document—

- (a) relating to the deposit of money in any currency,
- (b) recognising an obligation to pay a stated principal amount to bearer or to order, with or without interest, and
- (c) by the delivery of which, with or without endorsement, the right to receive that stated amount, with or without interest, is transferable.

### **1020 Claims and elections**

- (1) In this Act any reference to a claim or election is to a claim or election in writing or in any form authorised (in relation to the case in question) by directions under [<sup>F4</sup>section 43E(1) of TMA 1970].
- (2) For further information about claims and elections, see TMA 1970 [<sup>F5</sup>more generally (but in] particular, section 42(2), (10) and (11) and Schedule 1A).

#### **Textual Amendments**

- F4** Words in s. 1020(1) substituted (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 7 para. 93(2)** (with Sch. 9 paras. 1-9, 22)

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**F5** Words in s. 1020(2) substituted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 7 para. 93\(3\)](#) (with Sch. 9 paras. 1-9, 22)

### **1021 Application of definitions of “connected” persons and “control”**

- (1) Section 993 (meaning of “connected” persons) applies for the purposes of this Act unless otherwise indicated.
- (2) Section 995 (meaning of “control”) applies for the purposes of this Act unless otherwise indicated.

### **1022 Meaning of “debenture”**

- (1) In this Act “debenture” has the meaning given by [<sup>F6</sup>section 738 of the Companies Act 2006].
- (2) This section does not apply for the purposes of sections 559, 560 and 691.

#### **Textual Amendments**

**F6** Words in s. 1022(1) substituted (6.4.2008) by [Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2008 \(S.I. 2008/954\), arts. 1\(1\), 41](#) (with art. 4)

### **1023 Meaning of “double taxation arrangements”**

In this Act “double taxation arrangements” means arrangements which have effect under [<sup>F7</sup>section 2(1) of TIOPA 2010].

#### **Textual Amendments**

**F7** Words in s. 1023 substituted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 8 para. 85](#) (with Sch. 9 paras. 1-9, 22)

### **1024 Meaning of “gilt-edged securities”**

In this Act “gilt-edged securities” means any securities which—

- (a) are gilt-edged securities for the purposes of TCGA 1992 (see Schedule 9 to that Act), or
- (b) will be such securities on the making of an order under paragraph 1 of that Schedule, if the making of the order is anticipated in the prospectus under which the securities were issued.

### **1025 Meaning of “modified net income”**

- (1) For the purposes of this Act a person's modified net income for a tax year (“year X”) is the person's net income for year X calculated in accordance with Steps 1 and 2 of section 23 (calculation of income tax liability) as modified by subsection (2).

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- (2) In applying Steps 1 and 2 of section 23, ignore—
- (a) any non-qualifying income included in the person's total income (see section 1026),
  - (b) any relief under Chapter 2 of Part 4 for a loss incurred or treated as incurred, or a payment made, in a tax year later than year X,
  - (c) any reliefs to which the person may be entitled under Chapter 4 of Part 8,
  - (d) any adjustment of profits resulting from a claim under Chapter 16 of Part 2 of ITTOIA 2005 (averaging profits of farmers and creative artists), if year X is the earlier of the tax years in relation to which the claim is made,
  - (e) any adjustment resulting from an election under section 257 of ITTOIA 2005 (election to carry back post-cessation receipts), and
  - (f) any relief or adjustment resulting from the making, amendment or revocation of a claim for relief, if the claim, amendment or revocation would have been out of time but for section 224(4) of ITTOIA 2005 (averaging profits of farmers and creative artists: extension of deadline for claiming other reliefs).
- (3) This section applies for the purposes of section 427 as if subsection (2)(c) were omitted.
- (4) This section applies for the purposes of Chapter 9 of Part 9 and Chapter 13 of Part 15 as if for subsection (2)(c) there were substituted—
- “(c) any reliefs to which the person may be entitled under section 505.”
- (5) In this section “claim” includes an election or notice.

## 1026 Meaning of “non-qualifying income” for the purposes of section 1025

For the purposes of section 1025 an amount included in a person's total income is non-qualifying income if it is—

- (a) income on which income tax is treated as paid under section 399(2) or 400(2) of ITTOIA 2005 (distributions from UK resident companies etc on which there is no tax credit),
- (b) income on which an individual is liable to income tax as a result of section 413(2) of ITTOIA 2005 or trustees are so liable as a result of section 413(3) of that Act (stock dividend income),
- (c) income on which any person is liable to income tax under Chapter 6 of Part 4 of ITTOIA 2005 (release of loan to participator in a close company),
- (d) income on which an individual is liable to income tax as a result of section 465 of ITTOIA 2005 or trustees are so liable as a result of section 467 of that Act (gains from contracts for life insurance etc), being income to which section 530 of that Act applies (income tax treated as paid etc),
- (e) income which is included in the aggregate income of an estate as a result of section 664(2)(c), (d) or (e) of ITTOIA 2005 (income arising to personal representatives and corresponding to income within paragraph (b), (c) or (d)),  
<sup>F8</sup>[or]
- (f) income on which income tax is treated as paid under section 685A(3) of ITTOIA 2005 (settlor-interested settlements),<sup>F9</sup> ...
- <sup>F9</sup>(g) .....

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### **Textual Amendments**

- F8** Word in s. 1026 inserted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 8 para. 86\(a\)](#) (with Sch. 9 paras. 1-9, 22)
- F9** S. 1026(g) and preceding word repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 8 para. 86\(b\), Sch. 10 Pt. 1](#) (with Sch. 9 paras. 1-9, 22)

### *Final provisions*

#### **1027 Minor and consequential amendments**

Schedule 1 (minor and consequential amendments) has effect.

#### **1028 Power to make consequential provision**

- (1) The Treasury may by order make such provision as the Treasury consider appropriate in consequence of this Act.
- (2) The power conferred by subsection (1) may not be exercised after 5 April 2010.
- (3) An order under this section may amend, repeal or revoke any provision made by or under an Act.
- (4) An order under this section may contain provision having retrospective effect.
- (5) An order under this section may contain incidental, supplemental, consequential and transitional provision and savings.

#### **1029 Power to undo changes**

- (1) The Treasury may by order make such provision as the Treasury consider appropriate, in relation to a case in which the Treasury consider that a provision of this Act changes the effect of the law, for the purpose of returning the effect of the law to what it was immediately before 6 April 2007.
- (2) The power conferred by subsection (1) may not be exercised after 5 April 2010.
- (3) An order under this section may amend, repeal or revoke any provision made by or under this Act or by or under any other Act.
- (4) An order under this section may contain provision having retrospective effect.
- (5) An order under this section may contain incidental, supplemental, consequential and transitional provision and savings.

#### **1030 Transitional provisions and savings**

- (1) Schedule 2 (transitional provisions and savings) has effect.
- (2) The Treasury may by order make such transitional or saving provision as the Treasury consider appropriate in connection with the coming into force of this Act.

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- (3) An order under subsection (2) may contain provision having retrospective effect.
- (4) At any time before section 1014 of this Act (orders and regulations) comes into force, section 828(4) of ICTA (order-making powers excluded from negative resolution procedure) has effect as if it included a reference to an order made under subsection (2) of this section.

#### **Commencement Information**

- II** S. 1030 wholly in force at 6.4.2007; s. 1030(1) in force at 6.4.2007 see s. 1034(1); s. 1030(2)-(4) in force at 20.3.2007 see s. 1034(4)(b)

### **1031 Repeals and revocations**

Schedule 3 (repeals and revocations, including of spent enactments) has effect.

### **1032 Index of defined expressions**

- (1) Schedule 4 (index of defined expressions that apply for the purposes of this Act) has effect.
- (2) That Schedule lists the places where some of the expressions used in this Act are defined or otherwise explained.

### **1033 Extent**

- (1) This Act extends to England and Wales, Scotland and Northern Ireland (but see subsection (2)).
- (2) An amendment, repeal or revocation contained in Schedule 1 or 3 has the same extent as the provision amended, repealed or revoked.

### **1034 Commencement**

- (1) This Act comes into force on 6 April 2007 and has effect—
  - (a) for income tax purposes, for the tax year 2007-08 and subsequent tax years, and
  - (b) for corporation tax purposes, for accounting periods ending after 5 April 2007.

(2) Subsection (1) is subject to subsections (3) and (4).

(3) The following—

- (a) Part 5 (enterprise investment scheme),
- (b) Part 3 of Schedule 1 (consequential amendment associated with Part 5), and
- (c) Part 2 of Schedule 3 (repeals so associated),

do not have effect in relation to shares issued before 6 April 2007.

This is subject to Schedule 2 (transitional provisions and savings).

(4) Subsection (1) does not apply to the following provisions of this Act (which therefore come into force on the day on which this Act is passed)—

- (a) in Part 15, section 852, and

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- (b) in this Part, sections 1017, 1018, 1028, 1029, 1030(2) to (4) and 1033, this section and section 1035.

**1035 Short title**

This Act may be cited as the Income Tax Act 2007.

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**Changes to legislation:**

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