
Status: Point in time view as at 19/07/2012.

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SCHEDULES

SCHEDULE 2

TRANSITIONALS AND SAVINGS

PART 15

DEDUCTION OF INCOME TAX AT SOURCE

Deduction by deposit-takers: discretionary or accumulation settlements

- 154 (1) A deposit with a deposit-taker which meets the settlement condition in section 856(6) is not a relevant investment for the purposes of Chapter 2 of Part 15 if conditions A and B are met in relation to the deposit.
- (2) Condition A is that the deposit was made before 6 April 1995.
- (3) Condition B is that neither an officer of Revenue and Customs nor any trustee of the settlement has notified the deposit-taker that the deposit meets the settlement condition in section 856(6).
- 155 (1) A notification under paragraph 154(3) given by a trustee must be in the form provided by the Commissioners for Her Majesty's Revenue and Customs.
- (2) A deposit-taker is entitled not to deduct a sum representing income tax under section 851 from a payment of interest on a deposit covered by a notification under paragraph 154(3) if sub-paragraph (3) applies to the payment.
- (3) This sub-paragraph applies to a payment if—
- (a) it is made within 30 days after the date when the deposit-taker receives the notification, and
 - (b) at the time it is made, it is not reasonably practicable for the deposit-taker to deduct a sum representing income tax from the payment.
- (4) If an officer of Revenue and Customs is satisfied that a deposit covered by a notification under paragraph 154(3) does not meet the settlement condition in section 856(6), the officer must—
- (a) cancel the notification, and
 - (b) give notice of the cancellation to the deposit-taker concerned.
- ^{F1}(5)
- (6) For the purposes of this paragraph crediting interest counts as paying it.

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Textual Amendments

- F1** Sch. 2 para. 155(5) omitted (13.8.2009) by virtue of [The Finance Act 2009, Schedule 47 \(Consequential Amendments\) Order 2009 \(S.I. 2009/2035\)](#), art. 1, [Sch. para. 52](#)

Deduction by deposit-takers and building societies: declarations of non-UK residence

- 156 (1) Section 858(2)(c) (which requires a declaration of non-UK residence in respect of an individual or individuals beneficially entitled to interest to contain the name and address of the individual or individuals concerned) does not apply to a declaration made before 6 April 2001.
- (2) Section 859(2)(c) (which requires a declaration of non-UK residence in respect of a Scottish partnership beneficially entitled to interest to contain the name and address of the partners) does not apply to a declaration made before 6 April 2001.

Deduction by deposit-takers: qualifying certificates of deposit

- 157 (1) This paragraph applies to a certificate of deposit which was issued by a deposit-taker before 13 March 1984 on terms which provide for interest to be payable on the deposit at any time after 5 April 1985 (whether or not interest is payable on it before that date).
- (2) The certificate of deposit is to be treated as a qualifying certificate of deposit for the purposes of section 865.

Deduction by deposit-takers: qualifying time deposits

- 158 (1) This paragraph applies to a deposit with a deposit-taker which—
- (a) was made before 6 July 1984, and
 - (b) meets the condition in sub-paragraph (2).
- (2) The condition is that the deposit is made on terms which—
- (a) do not make provision for the transfer of the right to repayment,
 - (b) prevent partial withdrawals of, or additions to, the deposit, and
 - (c) require the deposit-taker—
 - (i) to repay the sum at the end of a specified period ending after 5 April 1985, or
 - (ii) if interest is payable only when the deposit is repaid, to repay the sum on demand or on notice.
- (3) The deposit is to be treated as a qualifying time deposit for the purposes of section 866.

Deduction by deposit-takers and building societies: saving for regulations

- 159 (1) This paragraph applies to regulations which—
- (a) were made under section 477A(1) to (2A) of ICTA (building societies: regulations for deduction of tax),
 - (b) were in force immediately before the commencement of the repeal of those provisions by this Act, and

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- (c) could have been made under section 17 of TMA 1970 as amended by this Act, if those amendments had been in force at the time the regulations were made.
- (2) The regulations have effect after the commencement of the repeal of section 477A(1) to (2A) of ICTA as if made under section 17 of TMA 1970 as amended by this Act.
- 160 (1) This paragraph applies to regulations about the making of declarations to building societies which—
- (a) were made under section 477A(1) to (2A) of ICTA,
 - (b) were in force immediately before the commencement of the repeal of those provisions by this Act, and
 - (c) could have been made under section 132 or 133 of FA 1999 (electronic communications), if provision about the making of declarations to building societies had precluded to any extent the use of electronic communications for that purpose at the time that the regulations were made.
- (2) The regulations have effect after the commencement of the repeal of section 477A(1) to (2A) of ICTA as if made under section 132 and 133 of FA 1999.
- (3) Regulations under sections 132 and 133 of FA 1999 may make any provision in relation to Chapter 2 of Part 15 of this Act which they could have made if that Chapter had come into force before those sections.

Deduction by deposit-takers, building societies etc: collection of tax

- 161 Chapter 15 of Part 15 has effect for return periods which—
- (a) fall within accounting periods ending on or after 6 April 2007, and
 - (b) end on or after that date.
- 162 (1) This paragraph applies to a payment—
- (a) which is made in an accounting period beginning before 6 April 2007 and ending on or after that date, and
 - (b) which was made before 6 April 2007, but which would have been a payment within section 946 if it had been made on or after that date.
- (2) A payment to which this paragraph applies is to be treated as a payment within section 946 if it is made in a return period which—
- (a) falls within the accounting period,
 - (b) begins before 6 April 2007, and
 - (c) ends on or after that date.
- (3) In addition, a payment to which this paragraph applies which was made in an earlier return period which falls within the accounting period is to be treated as a payment within section 946.

Deduction from certain payments of yearly interest: interest paid by banks

- 163 (1) In the case of payments of interest to which this paragraph applies, section 878 (exceptions from duty to deduct: interest paid by banks) has effect with the modification in sub-paragraph (2).
- (2) The modification is the substitution for subsections (1) and (2) of that section of “The duty to deduct a sum representing income tax under section 874 does not apply to a

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payment of interest by a bank carrying on a genuine banking business in the United Kingdom.”

- (3) This paragraph applies to interest payable on an advance made before 29 April 1996.

Deduction from certain payments of yearly interest: interest paid on advances from banks

- 164 (1) In the case of payments of interest to which this paragraph applies, section 879 (exceptions from duty to deduct: interest paid on advances from banks) has effect with the modification in sub-paragraph (2).

- (2) The modification is the substitution for subsections (1) to (4) of that section of “The duty to deduct a sum representing income tax under section 874 does not apply to a payment of interest in the United Kingdom on an advance from a bank carrying on a genuine banking business in the United Kingdom.”

- (3) This paragraph applies to interest payable before 29 April 1996.

- (4) In the case of an institution which—

- (a) immediately before 29 April 1996 was not treated for the purposes of section 349(3)(a) of ICTA as a bank carrying on a genuine banking business in the United Kingdom, and
(b) on that day fell within the definition of “bank” given by section 840A of ICTA,

this paragraph applies to interest payable on an advance made before that day.

- (5) In the case of an institution which—

- (a) immediately before 29 April 1996 was treated for the purposes of section 349(3)(a) of ICTA as a bank carrying on a genuine banking business in the United Kingdom, and
(b) on that day did not fall within the definition of “bank” given by section 840A(1) of ICTA,

this paragraph applies to the interest mentioned in sub-paragraph (6).

- (6) That interest is any interest payable on an advance made before 29 April 1996, if at the time when the interest is paid the person beneficially entitled to the interest is within the charge to corporation tax as respects the interest.

Deduction from certain UK public revenue dividends

- 165 (1) This paragraph applies if—

- (a) any person holds any gilt-edged securities in relation to which a direction was given under section 50(1) of ICTA at any time before 6 April 1998, and
(b) that person at any time before that date made an application under section 50(2) of that Act with respect to those securities.

- (2) The person is treated as having made a deduction at source application under section 895 in respect of the securities which (unless withdrawn) is treated as having effect from that date.

- 166 (1) This paragraph applies in relation to any gilt-edged securities issued before 6 April 1998 which—

- (a) are securities the interest on which, if paid immediately before that date, would have fallen to be paid after deduction of income tax, and

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- (b) are registered within the meaning of section 895 but are not securities in relation to which any direction under section 50 of ICTA was given before that date.
- (2) Chapter 5 of Part 15 has effect as if the appropriate person had made a deduction at source application under section 895 in respect of the securities so as to enable that application to have effect from (and including) that date.
- (3) In sub-paragraph (2) “the appropriate person” means—
 - (a) in the case of securities transferred before 6 April 1998 but after the time when the balance was struck for a dividend on them falling due on or after that date, the person who held the securities at the time when the balance was struck,
 - (b) in any other case, the person holding the securities in question immediately before 6 April 1998.

Unauthorised unit trusts: calculation of trustees' income pool

- 167 (1) This paragraph applies for the purposes of section 943.
- (2) The amount of any trustees' income pool as at the start of the tax year 2007-08 is an amount equal to what would have been the trustees' uncredited surplus for the tax year 2007-08 apart from this Act had section 469(5A) to (5D) of ICTA applied in relation to the trustees for the tax year 2007-08.
- 168 (1) This paragraph applies for the purposes of section 943 in its application to any trustees if—
 - (a) the current tax year is a tax year subsequent to the tax year 2007-08,
 - (b) subsection (3) of section 943 does not apply, and
 - (c) the last tax year prior to the current tax year for which the trustees were UK resident is a tax year prior to the tax year 2007-08.
- (2) The amount of the trustees' income pool as at the start of the current tax year is an amount equal to what would have been the trustees' uncredited surplus for the tax year 2007-08 apart from this Act had section 469(5A) to (5D) of ICTA applied in relation to the trustees for the tax year 2007-08.

Non-resident landlords

- 169 (1) Sub-paragraph (2) applies to any references in the Taxation of Income from Land (Non-residents) Regulations 1995 (S.I. 1995/2902) to payments to be made to the Board in respect of tax that is or may become chargeable as the income from a business of a non-resident (as defined in those regulations).
- (2) On and after 6 April 2007 those references are to be read as references to income tax to be paid to the Commissioners for Her Majesty's Revenue and Customs in respect of non-resident landlord income (as defined in section 971(2)).

Interpretation

- 170 Expressions used in this Part of this Schedule and in Part 15 have the same meaning as they have in Part 15.

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