



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 8

#### OTHER RELIEFS

### CHAPTER 2

#### GIFT AID

*Measures to ensure donor's liability not less than tax treated as deducted*

#### **425 Total amount of income tax to which individual charged for a tax year**

- (1) For the purposes of sections 423 and 424, the total amount of income tax to which an individual is charged for a tax year is the amount calculated as follows.
- (2) Calculate the individual's liability to income tax for the tax year in accordance with section 23, as modified by subsection (3).
- (3) In applying section 23—
  - (a) at Step 6, ignore any tax reductions to which the individual is entitled for the tax year under a provision listed in subsection (4), and
  - (b) ignore Step 7.
- (4) The tax reductions to be ignored are tax reductions under—
  - (a) section 453 (qualifying maintenance payments),
  - (b) section 788 of ICTA (double taxation arrangements: relief by agreement), or
  - (c) section 790(1) of ICTA (relief for foreign tax where no double taxation arrangements).
- (5) From the amount calculated in accordance with subsections (2) to (4) deduct—
  - (a) any tax treated as having been paid under—

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*Status: This is the original version (as it was originally enacted).*

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- (i) section 399(2) or 400(2) of ITTOIA 2005 (distributions from UK resident companies etc on which there is no tax credit),
  - (ii) section 414(1) of that Act (stock dividend income),
  - (iii) section 421(1) of that Act (release of loan to participator in close company),
  - (iv) section 530(1) of that Act (gains from contracts for life insurance), or
  - (v) section 685A(3) of that Act (settlor-interested settlements), and
  - (b) any tax treated as deducted from estate income under section 656(3) or 657(4) of ITTOIA 2005, so far as that income is treated under section 679 of that Act as paid from sums within section 680(3)(b) or (4) of that Act.
- (6) For the purposes of this section a person is treated as being entitled to a tax reduction under section 788 of ICTA if the person is entitled to credit against income tax under double taxation arrangements.