
STATUTORY INSTRUMENTS

2002 No. 2006

The Tax Credits (Definition and
Calculation of Income) Regulations 2002

PART 2

Income for the purposes of tax credits

CHAPTER 9

Foreign income

12.—(1) In these Regulations “foreign income” means income arising, in the year in question, from [^{F1}a source outside the United Kingdom or from foreign holdings] which is not—

- (a) employment income;
- (b) trading income; or
- (c) investment income falling within regulation 10(1)(e).

This is subject to the following provisions of this regulation.

[^{F2}(2) The reference in paragraph (1) to “foreign holdings” shall be construed in accordance with section 571 of ITTOIA.]

(3) In calculating the claimant’s foreign income there shall be disregarded—

- (a) any payment by way of an annuity or pension payable under any special provision for victims of National Socialist persecution which is made by the law of the Federal Republic of Germany, or any part of it, or of Austria;
- [^{F3}(aa) any monies paid by a bank or building society which are exempted from income tax under section 756A of ITTOIA (interest on certain deposits of victims of National-Socialist persecution).]
- [^{F4}(bb) any pension, annuity, allowance or other payment provided in accordance with the provisions of the scheme established under the law of the Netherlands and known as *Wet uitkeringen vervolgingslachtoffers 1940-1945* (Netherlands Benefit Act for Victims of Persecution 1940-1945).]
- [^{F5}(b) the amount authorised to be deducted by the relevant provision if the claimant’s foreign income comprises or includes a pension to which the following provisions of ITEPA apply—
 - (i) section 567(5) and 617 (deduction allowed from taxable pension income);
 - (ii) section 575(2) (taxable pension income: foreign pensions);
 - (iii) section 613(3) (taxable pension income: foreign annuities); and
 - (iv) section 635(3) (taxable pension income: foreign voluntary annual payments); and]
- (c) any amount which would be disregarded for the purposes of income tax by virtue of—

- (i) Extra Statutory Concession A10 (lumps sums paid by overseas pension schemes);
[^{F6}(ii) section 681 of ITEPA;]
- (iii) [^{F7}section 751(1)(c) of ITTOIA] (interest on damages for personal injuries awarded by a foreign court); ^{F8}...
- (iv) Extra Statutory Concession A44 (education allowances payable to public officials of overseas territories); [^{F9}or
- (v) section 730 of ITTOIA (foreign maintenance payments).]

[^{F10}(4) Where an overseas property business [^{F11}(within the meaning of Part 3 of ITTOIA)] makes a loss to which the relief provisions [^{F12}contained in sections 118 (carry forward against subsequent property business profits) and 119 (how relief works) of ITA apply], then such relief as may arise under [^{F13}those sections] shall be applied in calculating foreign income for the purposes of this regulation.]

Textual Amendments

- F1** Words in reg. 12(1) substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **16(2)**
- F2** Reg. 12(2) substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **16(3)**
- F3** Reg. 12(3)(aa) inserted (6.4.2007) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2007 \(S.I. 2007/824\)](#), regs. 1, **13(2)**
- F4** Reg. 12(3)(bb) inserted (6.4.2016) by [The Tax Credits and Child Benefit \(Miscellaneous Amendments\) Regulations 2016 \(S.I. 2016/360\)](#), regs. 1, **3(3)**
- F5** Reg. 12(3)(b) substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **16(4)(a)**
- F6** Reg. 12(3)(c)(ii) substituted (6.4.2003) by [The Tax Credits \(Definition and Calculation of Income\) \(Amendment\) Regulations 2003 \(S.I. 2003/732\)](#), regs. 1, **10(b)**
- F7** Words in reg. 12(3)(c)(iii) substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **16(4)(b)(i)**
- F8** Word in reg. 12(3)(c)(iii) omitted (6.4.2006) by virtue of [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **16(4)(b)(i)**
- F9** Reg. 12(3)(c)(v) and preceding word added (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **16(4)(b)(ii)**
- F10** Reg. 12(4) added (26.11.2003) by [The Tax Credits \(Miscellaneous Amendments No.2\) Regulations 2003 \(S.I. 2003/2815\)](#), regs. 1, **10(1)**
- F11** Words in reg. 12(4) substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **16(5)**
- F12** Words in reg. 12(4) substituted (16.5.2007) by [The Tax Credits \(Definition and Calculation of Income\) \(Amendment\) Regulations 2007 \(S.I. 2007/1305\)](#), regs. 1, **7(2)(a)**
- F13** Words in reg. 12(4) substituted (16.5.2007) by [The Tax Credits \(Definition and Calculation of Income\) \(Amendment\) Regulations 2007 \(S.I. 2007/1305\)](#), regs. 1, **7(2)(b)**

Modifications etc. (not altering text)

- C1** Reg. 12(1) modified (E.W.S.) (29.4.2013) by [The Universal Credit \(Transitional Provisions\) Regulations 2013 \(S.I. 2013/386\)](#), regs. 1(2), 17, **Sch. para. 26**

Changes to legislation:

There are currently no known outstanding effects for the The Tax Credits (Definition and Calculation of Income) Regulations 2002, Cross Heading: CHAPTER 9.