



Income Tax Act 2007

2007 CHAPTER 3

[^{F1}PART 11ZA

MANUFACTURED PAYMENTS

Textual Amendments

- F1** Pt. 11ZA inserted (with effect in accordance with Sch. 29 para. 51 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 29 para. 1](#)

614ZA Overview of Part

This Part deals with the application of the Income Tax Acts to manufactured payment relationships and payments representative of dividends or interest.

614ZB Key definitions

- (1) For the purposes of the Income Tax Acts a person has a manufactured payment relationship if conditions A to C are met.
- (2) Condition A is that under any arrangements—
 - (a) an amount is payable by or to the person, or
 - (b) any other benefit is given by or to the person (including the release of the whole or part of any liability to pay an amount).
- (3) Condition B is that the arrangements relate to the transfer of securities.
- (4) Condition C is that the amount or value of the other benefit—
 - (a) is representative of a dividend or interest on the securities, or
 - (b) will fall to be treated as representative of such a dividend or interest when it is paid or given.

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- (5) In subsection (2) the reference to an amount being payable, or other benefit being given, by the person includes a reference to an amount being payable, or other benefit being given, by another person on behalf of the person in question.
- (6) In this Part—
 - “manufactured payment”, in relation to a manufactured payment relationship, means an amount, or the value of a benefit, within subsection (2), and
 - “securities” means—
 - (a) shares in a company, and
 - (b) loan stock or any similar security (whether the security is of the government of the United Kingdom, any other government, any public or local authority in the United Kingdom or elsewhere, or any other company or body).

614ZC Treatment of payer of manufactured payment

- (1) This section applies where a person has a manufactured payment relationship under which a manufactured payment is paid by or on behalf of the person.
- (2) No deduction is allowed in respect of the manufactured payment in calculating any profits or other income of the person for income tax purposes (subject to subsection (3)).
- (3) Subsection (2) does not apply in relation to the person so far as the manufactured payment is brought into account under Part 2 of ITTOIA 2005 in calculating the profits of a trade carried on by the person.
- (4) But nothing in subsection (3) affects the question whether (apart from that provision) a deduction in calculating the profits of a trade carried on by the person is allowed.

614ZD Treatment of recipient of manufactured payment

- (1) Subsection (2) applies if a person has a manufactured payment relationship under which a manufactured payment is payable to the person.
- (2) For the purposes of the charge to income tax on the person's income, the Income Tax Acts apply to the person as if the manufactured payment were a dividend or interest on the securities (as the case may require).
- (3) Subsection (2) is subject to subsections (4) [^{F2}and (5)].
- (4) Subsection (2) does not apply in relation to the person so far as the manufactured payment is brought into account under Part 2 of ITTOIA 2005 in calculating the profits of a trade carried on by the person.
- (5) Subsection (2) does not apply in relation to the person for the purposes of determining entitlement to double taxation relief in respect of any dividend or interest.
- ^{F3}(6)
- (7) For the purposes of this section “double taxation relief” means any relief given under or as a result of Part 2 of TIOPA 2010.]

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Textual Amendments

- F2** Words in s. 614ZD(3) substituted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 63\(9\)\(a\)](#)
- F3** S. 614ZD(6) omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 63\(9\)\(b\)](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 24B inserted by [2023 c. 30 Sch. 2 para. 10\(3\)](#)
- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)