



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 15

#### DEDUCTION OF INCOME TAX AT SOURCE

### CHAPTER 19

#### GENERAL

#### **Modifications etc. (not altering text)**

**C1** Pt. 15 modified (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), ss. **551(4)**, 1329(1) (with [Pts. 1, 2](#), [Sch. 2 para. 78](#))

#### *Supplementary*

#### **975 Statements about deduction of income tax**

- (1) Subsection (2) applies if<sup>F1</sup>—
- (a) a person makes a payment from which a sum representing income tax must be deducted under any provision of Chapters 2 to 7 or under section 919 or 928<sup>F2</sup>, and
  - (b) the person is not under a duty to provide a statement under section 975A].
- (2) If the recipient requests it in writing, the person must provide the recipient with a statement showing—
- (a) the gross amount of the payment,
  - (b) the amount of the sum deducted, and
  - (c) the actual amount paid.

<sup>F3</sup>(3) .....

---

*Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax Act 2007. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

---

- <sup>F4</sup>(4) .....
- (5) A statement under this section must be in writing.
- (6) The duty to comply with a request under subsection (2) <sup>F5</sup>... is enforceable by the recipient <sup>F5</sup>....
- <sup>F6</sup>(7) .....

#### Textual Amendments

- F1** Words in s. 975(1) inserted (with effect in accordance with Sch. 11 para. 12(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 11 para. 9\(a\)](#)
- F2** Words in s. 975(1) inserted (with effect in accordance with Sch. 11 para. 12(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 11 para. 9\(b\)](#)
- F3** S. 975(3) omitted (6.4.2014) by virtue of [The Unauthorised Unit Trusts \(Tax\) Regulations 2013 \(S.I. 2013/2819\)](#), [regs. 1\(3\)](#), [37\(17\)\(a\)](#) (with [reg. 32](#))
- F4** S. 975(4) omitted (6.4.2014) by virtue of [The Unauthorised Unit Trusts \(Tax\) Regulations 2013 \(S.I. 2013/2819\)](#), [regs. 1\(3\)](#), [37\(17\)\(a\)](#) (with [reg. 32](#))
- F5** Words in s. 975(6) omitted (6.4.2014) by virtue of [The Unauthorised Unit Trusts \(Tax\) Regulations 2013 \(S.I. 2013/2819\)](#), [regs. 1\(3\)](#), [37\(17\)\(b\)](#) (with [reg. 32](#))
- F6** S. 975(7) omitted (6.4.2014) by virtue of [The Unauthorised Unit Trusts \(Tax\) Regulations 2013 \(S.I. 2013/2819\)](#), [regs. 1\(3\)](#), [37\(17\)\(c\)](#) (with [reg. 32](#))

#### [<sup>F7</sup>975A Statements about certain payments of interest

- (1) Subsection (2) applies if a person makes a payment of interest of which the whole or part is in the form of goods or services or a voucher.
- (2) The person must provide the recipient of the payment with a statement showing—
  - (a) the gross amount of the payment,
  - (b) the amount of the sum deducted under any provision of Chapters 2 to 7 or under section 919 or 928 (if any),
  - (c) the actual amount paid, and
  - (d) the date on which the payment was made.
- (3) The amounts mentioned in paragraphs (a) to (c) of subsection (2) are to be calculated in accordance with section 370A of ITTOIA 2005.
- (4) Subsection (5) applies where a person—
  - (a) is treated as making a payment of an amount of interest (“the deemed interest”) by virtue of section 413 of CTA 2009 or section 380 of ITTOIA 2005 (funding bonds), and
  - (b) is under a duty under section 939(2) to retain funding bonds equal in value to income tax on the deemed interest at the basic rate.
- (5) The person must provide the recipient of the funding bonds with a statement showing—
  - (a) the gross amount of the deemed interest,
  - (b) the sum representing income tax which the person is treated under section 939(3) as having deducted by retaining funding bonds,
  - (c) the amount of the deemed interest after the deduction of that sum, and

---

*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax Act 2007. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

---

- (d) the date on which the deemed interest is treated as being paid.
- (6) The amount of the deemed interest is to be calculated in accordance with section 413 of CTA 2009 or section 380 of ITTOIA 2005, as the case may require.
- (7) A statement under this section must be provided in writing to the recipient on the date that the payment is made or (as the case may be) the date that the deemed interest is treated as being paid.
- (8) The duty to comply with this section is enforceable by the recipient.
- (9) In this section—
  - (a) references to a voucher are to a voucher, stamp or similar document or token which is capable of being exchanged for money, goods or services, and
  - (b) “funding bonds” has the same meaning as in Chapter 12 (see section 939(6)).]

#### Textual Amendments

- F7** S. 975A inserted (with effect in accordance with Sch. 11 para. 12(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 11 para. 10](#)

### 976 Arrangements for payments of interest less tax or at specified net rate

- (1) This section applies if—
  - (a) provision is made for the payment of interest, and
  - (b) the interest is payable without deduction of a sum representing income tax.
- (2) It applies—
  - (a) whenever the provision was made, and
  - (b) whether it was made orally or in writing.
- (3) If the provision is for the payment of interest “less tax” (or uses words to similar effect) it is to be read as if the words “less tax” (or the equivalent words) were not included.
- (4) Subsection (5) applies if the provision is (however worded)—
  - (a) for the payment of interest to which subsection (6) applies, and
  - (b) for that interest to be paid at such a rate (“the gross rate”) that the amount of interest payable at that rate is, after deduction of a sum representing income tax, equal to the amount of interest payable at a specified rate (“the net rate”).
- (5) In that case the provision is to be read as if it were for the payment of interest at the gross rate.
- (6) This subsection applies to—
  - (a) interest on which the recipient is chargeable to income tax, which falls within Chapter 2 of Part 4 of ITTOIA 2005 but which is not relevant foreign income, or
  - [<sup>F8</sup>(b) interest which is required to be brought into account under Part 5 of CTA 2009 (loan relationships) as a non-trading credit of the recipient.]

---

*Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax Act 2007. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

---

### Textual Amendments

- F8** S. 976(6)(b) substituted (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. 717** (with Sch. 2 Pts. 1, 2)

## 977 Payments to companies

- (1) The provisions of this Part relating to the deduction from payments of sums representing income tax are not affected by the fact that the recipient is a company not chargeable to income tax on the payment.
- (2) References in subsection (1) to payments received by a company—
  - (a) include payments received by another person on behalf of or in trust for the company, but
  - (b) do not include payments received by the company on behalf of or in trust for another person.
- (3) For further provision about payments received by companies, see—
  - (a) sections 7(2) and 11(3) of ICTA (set-off of income tax deducted at source against liability to corporation tax), and
  - (b) section 952 (set-off of income tax suffered against income tax payable under Chapter 15).

## 978 Application to public departments

- (1) This Part applies in relation to payments made by public offices and departments of the Crown except as mentioned in subsection (2).
- (2) This Part does not apply to payments made by public offices and departments of—
  - (a) any country mentioned in Schedule 3 to the British Nationality Act 1981 (c. 61) (which contains a list of Commonwealth countries) or the Republic of Ireland, or
  - (b) any state or province of a country within paragraph (a).

## 979 Designated international organisations: exceptions from duties to deduct

- (1) The Treasury may by order designate for the purposes of this section any international organisation of which the United Kingdom is a member.
- (2) The duty to deduct under section 874 (duty to deduct from certain payments of yearly interest) does not apply to a payment of interest made by—
  - (a) an organisation designated under subsection (1), or
  - (b) a partnership of which an organisation so designated is a member.
- (3) None of the duties to deduct under Chapters 6, 7 (deduction from annual payments, patent royalties and other payments connected with intellectual property) and 14 (directions for duty to deduct to apply in tax avoidance cases) apply to a payment made by an organisation designated under subsection (1).
- (4) The duties to deduct under sections 919(2) and 922(2) do not apply in a case where the payer of the manufactured interest or (as the case may be) the manufactured overseas dividend is an organisation designated under subsection (1).

---

*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax Act 2007. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

---

### [<sup>F9</sup>979A FSCS payments representing interest

- (1) This section applies where a payment is made under the FSCS representing interest net of an amount equal to a sum representing income tax that would have been deducted on the payment of interest but for the circumstances giving rise to the making of payments under the FSCS.
- (2) A payment of the relevant gross amount is treated as having been made under the FSCS after there has been deducted from it a sum representing income tax of that amount.
- (3) That sum is accordingly taken into account under section 59B of TMA 1970 in determining the income tax payable by, or repayable to, the recipient.
- (4) “The relevant gross amount” means the aggregate of the amount of the payment representing interest which is made and that sum.
- (5) If the recipient requests it in writing, the scheme manager of the FSCS must provide the recipient with a statement showing—
  - (a) the relevant gross amount,
  - (b) the amount of the sum treated as deducted, and
  - (c) the amount of the payment representing interest.
- (6) The duty to comply with a request under subsection (5) is enforceable by the recipient.
- (7) In this section—
  - “the FSCS” means the Financial Services Compensation Scheme (established under Part 15 of the Financial Services and Markets Act 2000);
  - “payment representing interest” has the same meaning as in section 380A of ITTOIA 2005.]

---

#### Textual Amendments

- F9** S. 979A inserted (with effect in accordance with s. 33(5) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 33\(4\)](#)

### 980 Derivative contracts: exception from duties to deduct

- (1) Despite the provisions of this Part, a company is not required to deduct a sum representing income tax from a payment made under a derivative contract to which this section applies.
- (2) This section applies to a derivative contract if profits and losses arising from it are calculated in accordance with [<sup>F10</sup>Part 7 of CTA 2009] .

---

#### Textual Amendments

- F10** Words in s. 980(2) substituted (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. 718 \(with Sch. 2 Pts. 1, 2\)](#)

---

*Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax Act 2007. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

---

### 981 Foreign currency securities etc: exception from duties to deduct

Despite the provisions of this Part there is no duty to deduct a sum representing income tax from a payment of interest within section 755(1) of ITTOIA 2005 (interest on foreign currency securities etc owned by non-UK residents).

### [<sup>F11</sup>981A Offshore receipts in respect of intangible property: exception from duties to deduct

Despite the provisions of this Part there is no duty to deduct a sum representing income tax from a payment charged to income tax under Chapter 2A of Part 5 of ITTOIA 2005 (offshore receipts in respect of intangible property).]

#### Textual Amendments

- F11** S. 981A inserted (5.11.2019) by [The Income Tax \(Trading and Other Income\) Act 2005 \(Amendments to Chapter 2A of Part 5\) Regulations 2019 \(S.I. 2019/1452\)](#), regs. 1(1), **15**

### 982 Income tax is calculated by reference to gross amounts

If any provision of this Part requires the deduction from a payment of a sum representing income tax at a specified rate, the rate is to be applied to the gross payment, that is to the payment before deduction of a sum representing income tax under this Part.

#### *Interpretation*

### 983 Meaning of “deposit”

In this Chapter “deposit” means a sum of money paid on terms which mean that it will be repaid (with or without interest)—

- (a) on demand, or
- (b) at a time or in circumstances agreed by or on behalf of the person who pays it and the person who receives it.

### 984 Meaning of “financial instrument”

(1) In this Part “financial instrument” includes—

- (a) any money,
- (b) any shares or securities,
- (c) an option, future or contract for differences if its underlying subject-matter is (or is primarily) one or more financial instruments, and
- (d) an instrument the underlying subject-matter of which is (or is primarily) creditworthiness.

(2) For the purposes of subsection (1) if the effect of an instrument depends on an index or factor, the “underlying” subject-matter of the instrument is the matter by reference to which the index or factor is determined.

---

*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax Act 2007. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

---

### **985 Meaning of “qualifying certificate of deposit”**

- (1) In this Part “qualifying certificate of deposit” means a certificate of deposit under which—
  - (a) the amount payable is at least £50,000, exclusive of interest, and
  - (b) that amount is payable at a specified time within 5 years beginning with the date on which the deposit is made.
- (2) If an amount is denominated in a foreign currency, subsection (1)(a) has effect as if it referred to an amount which is at least the equivalent in that currency of £50,000 at the time the deposit is made.
- (3) For the meaning of “certificate of deposit”, see section 1019.

### **986 Meaning of “qualifying uncertificated eligible debt security unit”**

- (1) In this Part “qualifying uncertificated eligible debt security unit” means an uncertificated eligible debt security unit under which—
  - (a) the amount payable is at least £50,000, exclusive of interest, and
  - (b) that amount is payable at a specified time within 5 years beginning with the date on which the deposit is made.
- (2) If an amount is denominated in a foreign currency, subsection (1)(a) has effect as if it referred to an amount which is at least the equivalent in that currency of £50,000 at the time the deposit is made.
- (3) In this section “uncertificated eligible debt security unit” means an uncertificated unit of an eligible debt security where the issue of the unit corresponds, in accordance with the current terms of issue of the eligible debt security, to the issue of a certificate of deposit.
- (4) In subsection (3)—
  - (a) “eligible debt security”,
  - (b) “uncertificated” (in relation to a unit), and
  - (c) “unit”,have the meanings given by regulation 3(1) of the Uncertificated Securities Regulations 2001 (S.I. 2001/3755).
- (5) For the meaning of “certificate of deposit”, see section 1019.

### **987 Meaning of “quoted Eurobond”**

- <sup>[F12]</sup>(1) In this Part “quoted Eurobond” means a security, including a share (in particular any permanent interest bearing share as defined in section 117 of TCGA 1992), that—
  - (a) is issued by a company,
  - (b) is listed on a recognised stock exchange <sup>[F13]</sup>or admitted to trading on a multilateral trading facility operated by <sup>[F14]</sup>a regulated] recognised stock exchange], and
  - (c) carries a right to interest.
- <sup>[F15]</sup>(2) For the purposes of this section—

---

*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax Act 2007. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

---

- (a) “regulated recognised stock exchange” means a recognised stock exchange that is regulated in the United Kingdom, the European Economic Area or Gibraltar, and
  - (b) “multilateral trading facility” means—
    - (i) a UK multilateral trading facility within the meaning given by Article 2.1(14A) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments,
    - (ii) an EU multilateral trading facility within the meaning given by Article 2.1(14B) of that Regulation, and
    - (iii) [<sup>F16</sup>a Gibraltar multilateral trading facility within the meaning given by Article 26(11)(b)(ii) of that Regulation.]
- <sup>F17</sup> ...]

#### Textual Amendments

- F12** S. 987 renumbered as s. 987(1) (with effect in accordance with s. 34(3) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 34\(1\)\(a\)](#)
- F13** Words in s. 987(1)(b) inserted (with effect in accordance with s. 34(3) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 34\(1\)\(b\)](#)
- F14** Words in s. 987(1)(b) substituted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\), regs. 1, 15\(11\)\(a\)](#) (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F15** S. 987(2) substituted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\), regs. 1, 15\(11\)\(b\)](#) (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F16** S. 987(2)(b)(iii) substituted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) \(No. 2\) Regulations 2019 \(S.I. 2019/818\), regs. 1\(3\), 6\(4\)\(a\)](#); 2020 c. 1, Sch. 5 para. 1(1)
- F17** Words in s. 987(2)(b) omitted (31.12.2020) by virtue of [The Taxes \(Amendments\) \(EU Exit\) \(No. 2\) Regulations 2019 \(S.I. 2019/818\), regs. 1\(3\), 6\(4\)\(b\)](#); 2020 c. 1, Sch. 5 para. 1(1)



**Changes to legislation:**

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax Act 2007. Any changes that have already been made by the team appear in the content and are referenced with annotations.

[View outstanding changes](#)

**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.)