



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 15

#### DEDUCTION OF INCOME TAX AT SOURCE

### CHAPTER 9

#### MANUFACTURED PAYMENTS

#### *Manufactured interest*

#### **919 Manufactured interest on UK securities: payments by UK residents etc**

[<sup>F1</sup>(1) This section applies if—

- (a) a person pays a manufactured payment as mentioned in section 614ZC(1),
- (b) the amount payable is representative of interest on UK securities (“manufactured interest”), and
- (c) the person —
  - (i) is UK resident, or
  - (ii) pays the manufactured interest in the course of a trade carried on in the United Kingdom through a branch or agency.]

[<sup>F2</sup>(1A) But this section does not apply if—

- (a) the manufactured interest is paid by a UK resident company in the course of a trade carried on through a permanent establishment in a territory outside the United Kingdom, and
- (b) section 18A of CTA 2009 has effect in relation to the company for the accounting period in which it is paid.]

- (2) The payer of the manufactured interest must, on making the payment, deduct from the gross amount of the manufactured interest a sum representing income tax on it at the [<sup>F3</sup>basic rate] in force for the tax year in which the payment is made.

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- (3) The “gross amount” of manufactured interest is equal to the gross amount of the interest of which it is representative.
- (4) This section is subject (in particular) to—  
<sup>F4</sup>  
 ...  
<sup>F4</sup>  
 ...  
 section 921 (cases where interest on underlying securities paid gross), and  
 Chapter 11 (payments between companies etc: exception from duties to deduct).
- (5) For provision about the collection of income tax in respect of a payment from which a sum must be deducted under this section—  
 (a) see Chapter 15 if the payer of the manufactured interest is a company, and  
 (b) otherwise see Chapter 16.
- [<sup>F5</sup>(6) In subsection (1) “UK securities” means securities of—  
 (a) the government of the United Kingdom,  
 (b) a local authority in the United Kingdom,  
 (c) another public authority in the United Kingdom, or  
 (d) a UK resident company or other UK resident body.
- (7) But “UK securities” does not include shares in a UK resident company.
- (8) In this section “securities” includes loan stock or any similar security.]

#### Textual Amendments

- F1** S. 919(1) substituted (1.1.2014) by [Finance Act 2013 \(c. 29\), Sch. 1 para. 52, Sch. 29 para. 22\(a\)](#)
- F2** S. 919(1A) inserted (19.7.2011) by [Finance Act 2011 \(c. 11\), Sch. 13 paras. 21, 31](#)
- F3** Words in s. 919(2) substituted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 1 para. 31](#)
- F4** Words in s. 919(4) omitted (1.1.2014) by virtue of [Finance Act 2013 \(c. 29\), Sch. 1 para. 52, Sch. 29 para. 22\(b\)](#)
- F5** S. 919(6)-(8) inserted (1.1.2014) by [Finance Act 2013 \(c. 29\), Sch. 1 para. 52, Sch. 29 para. 22\(c\)](#)

#### <sup>F6</sup>920 Foreign payers of manufactured interest: the reverse charge

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#### Textual Amendments

- F6** S. 920 omitted (1.1.2014) by virtue of [Finance Act 2013 \(c. 29\), Sch. 1 para. 52, Sch. 29 para. 23](#)

#### 921 Cases where interest on underlying securities paid gross

- (1) This section applies to manufactured interest which is representative of interest on—  
 (a) gilt-edged securities, or  
 (b) securities which are not gilt-edged securities but on which the interest is payable without deduction of income tax.

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- (2) Section 919(2) does not require any deduction of a sum representing income tax to be made on the payment of the manufactured interest.
- (3) In this section [<sup>F7</sup> “manufactured interest” has the same meaning as in section 919.]

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**Textual Amendments**

**F7** Words in s. 921(3) substituted (1.1.2014) by [Finance Act 2013 \(c. 29\)](#), Sch. 1 para. 52, [Sch. 29 para. 24](#)

**Changes to legislation:**

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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.)