

*These notes refer to the Income Tax Act 2007 (c.3)
which received Royal Assent on 20 March 2007*

INCOME TAX ACT 2007

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 15: Deduction of income tax at source

Overview

Chapter 19: General

Overview

Section 978: Application to public departments

2997. This section ensures that the rules in this Part regarding deduction at source and collection of income tax apply to payments made by United Kingdom government departments. It is based on section 829(1) and (3) of ICTA.
2998. Without this section, the principle of Crown exemption would apply so that annual payments by UK government departments would not be subject to the provisions of this Part.
2999. *Subsection (2)* ensures that the section is limited to United Kingdom government departments.
3000. Section 829(2) of ICTA has not been rewritten. That subsection was only necessary because section 829(1) was widely drafted and could have imposed liability on income received by a department. As this section is restricted to annual payments made by departments, section 829(2) of ICTA is unnecessary and is repealed.
3001. No deduction is required from annual payments by one government department to another. In the source legislation, section 829(2) of ICTA addressed this point. But specific provision is not necessary.
3002. Crown exemption does not apply if it is clear from the legislation in question that the provisions concerned do apply to the Crown. For example, it is clear from the legislation about PAYE that the Crown must operate PAYE. Accordingly, section 829(2A) of ICTA is unnecessary and is repealed.