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SCHEDULES

SCHEDULE 1

MINOR AND CONSEQUENTIAL AMENDMENTS

PART 2

OTHER ENACTMENTS

Chevening Estate Act 1959 (c. 49)

- 241 In section 2(1A)(a) of the Chevening Estate Act 1959 (provisions as to income tax, estate duty and stamp duty) for “section 505(1A) of the Income and Corporation Taxes Act 1988” substitute “ section 533(2) of the Income Tax Act 2007 ”.

Taxes Management Act 1970 (c. 9)

- 242 The Taxes Management Act 1970 is amended as follows.

^{F1}243

.....
Textual Amendments

- F1** Sch. 1 para. 243 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 463](#)

^{F2}244

.....
Textual Amendments

- F2** Sch. 1 para. 244 omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 35](#)

- 245 (1) Amend section 12AB(1) (partnership return to include partnership statement) as follows.

(2) In paragraph (a)—

^{F3}(a)

(b) omit sub-paragraph (iv) and the “and” immediately before it.

^{F4}(3)

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Textual Amendments

- F3** Sch. 1 para. 245(2)(a) 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\(18\)](#)
- F4** Sch. 1 para. 245(3) 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\(18\)](#)

- 246 In section 12B(4A)(a) (records to be kept for purposes of returns) for subparagraph (ii) substitute—
“(ii) section 495(1) or 975(2) or (4) of ITA 2007 (statements about deduction of income tax).”
- 247 (1) Amend section 17 (interest paid or credited by banks etc without deduction of income tax or after deduction of income tax) as follows.
- (2) In subsection (1) after “bank” insert “ or building society ”.
- (3) In subsection (1A) for “section 840A of the principal Act” substitute “ section 991 of ITA 2007 ”.
- (4) After subsection (6) insert—
“(7) In the application of this section in relation to building societies, references to interest include references to dividends.
For this purpose “dividend” includes any distribution (whether or not described as a dividend).”
- (5) In the sidenote after “banks” insert “ , building societies ”.
- 248 In section 21(5A) (transactions in securities etc) for “Schedule 23A to the principal Act” substitute “ Chapter 2 of Part 11 or Chapter 9 of Part 15 of ITA 2007 ”.
- 249 In section 24(3A) (power to obtain information as to income from securities) for “section 840A of the principal Act” substitute “ section 991 of ITA 2007 ”.
- ^{F5}250

Textual Amendments

- F5** Sch. 1 para. 250 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 463](#)

- 251 In section 36(3A) (fraudulent or negligent conduct)—
(a) after “section 257BA of the principal Act” insert “ or any of sections 47 to 49 of ITA 2007 ”, and
(b) for “(elections as to transfer of married couple's allowance)” substitute “ (tax reductions for married couples and civil partners: elections to transfer relief) ”.
- 252 (1) Amend section 37A (effect of assessment where allowances transferred) as follows.
- (2) For “income tax reduction or deduction from total income” in both places where it occurs substitute “ deduction from net income or tax reduction ”.
- (3) After “spouse” insert “ or civil partner ”.

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(4) After “the principal Act” insert “ or section 39, 51 or 52 of ITA 2007 ”.

253 In section 42(7) (procedure for making claims etc)—
(a) in paragraph (a) omit “723(3),”,
(b) omit “and” at the end of paragraph (d), and
(c) after paragraph (e) insert “and
(f) sections 668 and 669 of ITA 2007.”

254 In section 43A(2A) (further assessments: claims etc)—
(a) in paragraph (a) after “section 257BA of the principal Act” insert “ or any of sections 47 to 49 of ITA 2007 ”,
(b) in paragraph (a) for “(election as to transfer of married couple's allowance)” substitute “(tax reductions for married couples and civil partners: elections to transfer relief)”, ^{F6}...
^{F6}(c)

Textual Amendments

F6 Sch. 1 para. 254(c) and preceding word repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#) Group 1

^{F7}255

Textual Amendments

F7 Sch. 1 para. 255 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 463](#)

^{F8}256

Textual Amendments

F8 Sch. 1 para. 256 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 463](#)

257 In section 55(1) (recovery of tax not postponed)—
(a) omit paragraph (c), and
(b) in paragraph (d) for “that Act” substitute “ the principal Act ”.

258 For section 87 (interest on income tax on company payments) substitute—

“87 Interest on overdue income tax deducted at source

(1) Income tax which is assessable under Chapter 15 of Part 15 of ITA 2007 carries interest at the rate applicable under section 178 of the Finance Act 1989 from the date when it was due under section 951 of ITA 2007 until payment.

(2) Subsection (1) applies—
(a) whether or not an assessment is made, and

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- (b) whether or not income tax which is assessed has been paid when the assessment is made.
- (3) Subsection (1) applies even if the date when the income tax should have been paid is a non-business day as defined by section 92 of the Bills of Exchange Act 1882.
- (4) Subsection (5) applies to any income tax which—
 - (a) was payable under Chapter 15 of Part 15 of ITA 2007 (collection: deposit-takers, building societies and certain companies) in respect of payments within section 946 of that Act made in a return period,
 - (b) was not paid on the date when it was due under section 951 of that Act, and
 - (c) has subsequently been discharged or repaid under section 953 of that Act because the person who made the payments received payments on which it suffered income tax by deduction in a later return period.
- (5) The income tax carries interest under subsection (1) from the date when it was due under section 951 of ITA 2007 until the earliest of—
 - (a) the date when the income tax was paid,
 - (b) the date when the person delivered a return for the later return period, and
 - (c) the expiry of 14 days after the end of that period,
 but subsection (1) does not otherwise apply to the income tax.
- (6) In this section “return period” means a period for which a return is required to be made under Chapter 15 of Part 15 of ITA 2007.”

^{F9}259

Textual Amendments

F9 Sch. 1 para. 259 omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 35](#)

- 260 (1) Amend section 98 (special returns etc) as follows.
- (2) In subsection (4A)(a) for “section 350(1) of, or Schedule 16 to, the principal Act” substitute “ Chapter 15 or 16 of Part 15 of ITA 2007 ”.
 - (3) In subsection (4B) for paragraphs (a) to (d) substitute—
 - “(a) the payment is made by a company, local authority or qualifying partnership (within the meaning of section 932 of ITA 2007) without an amount representing income tax on the payment being deducted from it,
 - (b) at the time the payment is made, the company, authority or partnership—
 - (i) does not believe that the payment is an excepted payment for the purposes of Chapter 11 of Part 15 of ITA 2007 (payments between companies etc: exception from duties to deduct), or
 - (ii) if it does so believe, cannot reasonably do so,

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- (c) the payment is one from which tax is deductible under Part 15 of ITA 2007 unless the company, authority or partnership reasonably believes that it is an excepted payment for the purposes of Chapter 11 of that Part, and
 - (d) the payment is not an excepted payment at the time the payment is made.”
- (4) Omit subsection (4C).
- (5) For subsection (4D) substitute—
 - “(4D) A payment is within this subsection if—
 - (a) it is a payment from which a sum representing income tax must be deducted under Chapter 6 (deduction from annual payments and patent royalties) or 7 (deduction from other payments connected with intellectual property) of Part 15 of ITA 2007,
 - (b) a company, purporting to rely on section 911 of that Act (double taxation arrangements: deduction at treaty rate), deducts less from the payment than required by those Chapters, and
 - (c) at the time the payment is made the payee (as defined in section 913 of that Act) is not entitled to relief under double taxation arrangements (as defined in section 1023 of that Act) and the company—
 - (i) does not believe that it is entitled to such relief, or
 - (ii) if it does so believe, cannot reasonably do so.”
- (6) For subsection (4DA) substitute—
 - “(4DA) A payment is within this subsection if—
 - (a) it is a payment from which a sum representing income tax must be deducted under Chapter 6 (deduction from annual payments and patent royalties) or 7 (deduction from other payments connected with intellectual property) of Part 15 of ITA 2007,
 - (b) a company, purporting to rely on section 914 of ITA 2007 (EU companies: discretion to make payment gross), makes the payment without deducting a sum representing income tax, and
 - (c) at the time the payment is made the payment is not exempt from income tax as a result of section 758 of ITTOIA 2005 (exemption for certain interest and royalty payments) and the company—
 - (i) does not believe that the payment is so exempt, or
 - (ii) if it does so believe, cannot reasonably do so.”
- (7) In subsection (4E)(b) for “section 349(2) of the principal Act” substitute “section 874 of ITA 2007”.
- (8) In the first column of the Table—
 - (a) omit the entry relating to regulations under section 42A of ICTA,
 - (b) omit the entry relating to regulations under section 476(1) of ICTA,
 - (c) omit the entry relating to regulations under section 477A(1) of ICTA,
 - (d) omit the entry relating to section 482(3) of ICTA,
 - (e) omit the entry relating to regulations under section 482(11) of ICTA,
 - (f) omit the entry relating to section 483 of ICTA,

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- (g) omit the entry relating to regulations under section 555(7) of ICTA,
- (h) omit the entry relating to section 745(1) of ICTA,
- (i) omit the entry relating to paragraph 5(2) of Schedule 15B to ICTA,
- (j) omit the entry relating to regulations under paragraph 11B(5) of Schedule 28B to ICTA,
- (k) omit the entry relating to section 86(12) of FA 1995,
- (l) omit the entry relating to regulations under Schedule 33 to FA 2002, and
- (m) at the end insert—

“sections 242 and 243(1) and (2) of ITA 2007;
 section 271(2) of ITA 2007;
 regulations under Chapter 5 of Part 6 of ITA 2007;
 regulations under section 330(5) of ITA 2007;
 section 703 of ITA 2007;
 section 748(1) and (2) of ITA 2007;
 section 771 of ITA 2007;
 section 788 of ITA 2007;
 section 862 of ITA 2007;
 regulations under section 871(1) of ITA 2007;
 regulations under section 969(1) of ITA 2007;
 regulations under section 971(1) of ITA 2007;
 paragraph 155(5) of Schedule 2 to ITA 2007.”

(9) In the second column of the Table—

- (a) omit the entry relating to regulations under section 42A of ICTA,
- (b) omit the entry relating to section 350(1) of ICTA,
- (c) omit the entry relating to regulations under section 476(1) of ICTA,
- (d) omit the entry relating to regulations under section 477A(1) of ICTA,
- (e) omit the entry relating to section 482(2) of ICTA,
- (f) omit the entry relating to regulations under section 482(11) of ICTA,
- (g) omit the entry relating to regulations under section 555(7) of ICTA,
- (h) omit the entry relating to paragraph 5(1) of Schedule 15B to ICTA,
- (i) omit the entry relating to Schedule 16 to ICTA,
- (j) omit the entry relating to regulations under Schedule 33 to FA 2002,
- (k) omit the entry relating to regulations under section 122 of FA 2006, and
- (l) at the end insert—

“sections 240 and 241 of ITA 2007;
 section 271(1) of ITA 2007;
 regulations under Chapter 5 of Part 6 of ITA 2007;
 section 373 of ITA 2007;

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regulations under section 871(1) of ITA 2007;
Chapter 15 of Part 15 of ITA 2007;
Chapter 16 of Part 15 of ITA 2007;
regulations under section 969(1) of ITA 2007;
regulations under section 971(1) of ITA 2007;
regulations under section 973(1) of ITA 2007.”

(10) After the paragraph at the end of the Table insert— “ References in this Table to sections 240, 241, 242 and 243(1) and (2) of ITA 2007 are to provisions that apply only in relation to shares issued after 5 April 2007. ”

261 In section 99A (certificates of non-liability to income tax) for “section 477A of the principal Act (building societies) or section 480B of that Act (deposit-takers)” substitute “ section 852 of ITA 2007 ”.

262 After section 99A insert—

“99B Declarations under Chapter 2 of Part 15 of ITA 2007

Where a person fraudulently or negligently gives any incorrect information in a declaration under any of sections 858 to 861 of ITA 2007, the person shall be liable to a penalty not exceeding £3,000.”

263 In section 118(1) (interpretation)—
^{F10}(a)
(b) after the definition of “ITTOIA 2005” insert—
““ITA 2007” means the Income Tax Act 2007.”.

Textual Amendments

F10 Sch. 1 para. 263(a) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 3 Pt. 1 (with Sch. 2)

264 In paragraph 9(2) of Schedule 1A (claims etc not included in returns)—
(a) in paragraph (a) for “(personal reliefs for non-residents)” substitute “ or section 56 or 460 of ITA 2007 (residence etc of claimants) ”, and
(b) in paragraph (c) for “of that Act” substitute “ of the principal Act ”.

Finance Act 1971 (c. 68)

265 Omit section 21 of, and Schedule 3 to, the Finance Act 1971 (occupational pension schemes).

Biological Standards Act 1975 (c. 4)

266 In section 2(4A)(a) of the Biological Standards Act 1975 (general provisions about the Board) for “section 505(1A) of the Income and Corporation Taxes Act 1988” substitute “ section 533(2) of the Income Tax Act 2007 ”.

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House of Commons Disqualification Act 1975 (c. 24)

^{F11}267

Textual Amendments

F11 Sch. 1 para. 267 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 463**

Inheritance Tax Act 1984 (c. 51)

- 268 The Inheritance Tax Act 1984 is amended as follows.
- 269 In section 157(6) (non-residents' bank accounts) for “section 840A of the Taxes Act 1988” substitute “ section 991 of the Income Tax Act 2007 ”.
- 270 In section 204(5) (limitation of liability) for “section 739 or 740 of the Taxes Act 1988” substitute “ Chapter 2 of Part 13 of the Income Tax Act 2007 ”.
- 271 In section 272 (general interpretation) in the definition of “authorised unit trust” for the words from “section 469” to “section)” substitute “ the Income Tax Acts (see section 1007 of the Income Tax Act 2007) ”.

Administration of Justice Act 1985 (c. 61)

- 272 In paragraph 36(3) of Schedule 2 to the Administration of Justice Act 1985—
- ^{F12}(a)
- (b) after “1988” insert “ and sections 749, 771(5) and (6) and 788(5) and (6) of the Income Tax Act 2007 ”.

Textual Amendments

F12 Sch. 1 para. 272(a) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

Building Societies Act 1986 (c. 53)

- 273 In section 8(9) of the Building Societies Act 1986 (raising funds and borrowing) for “482(6) of the Income and Corporation Taxes Act 1988” substitute “ 866(2) and (3) of the Income Tax Act 2007 ”.

Finance Act 1988 (c. 39)

- 274 The Finance Act 1988 is amended as follows.

^{F13}275

Textual Amendments

F13 Sch. 1 para. 275 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 12** (with Sch. 9 paras. 1-9, 22)

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276 In Schedule 6 (commercial woodlands) omit paragraph 3(3) to (5).

^{F14}277

Textual Amendments

F14 Words in [Sch. 1 para. 277](#) omitted (with effect in accordance with Sch. 6 para. 28 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 6 para. 25\(a\)](#)

Finance Act 1989 (c. 26)

278 The Finance Act 1989 is amended as follows.

^{F15}279

Textual Amendments

F15 Sch. 1 para. 279 omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 35](#)

- 280 In section 111 (residence of personal representatives)—
- (a) omit subsections (1) to (3) and (6) to (8), and
 - (b) in subsection (5) omit the words “Subject to subsections (6) to (8) below,”.
- 281 (1) Amend section 151 (assessment of trustees and personal representatives) as follows.
- (2) In subsection (2)(a) omit the words from “other” to “2005,”.
 - (3) Omit subsection (2)(b) and the “and” immediately before it.
 - (4) Omit subsection (3).
- 282 In section 182(3) (disclosure of information) at the end of paragraph (d) insert “ or section 704 of the Income Tax Act 2007 ”.
- 283 (1) Amend Schedule 5 (employee share ownership trusts) as follows.
- (2) In paragraph 15 for “section 840 of the Taxes Act 1988” substitute “ section 995 of the Income Tax Act 2007 ”.
 - (3) In paragraph 16(2)—
 - (a) in paragraph (b) for “section 840 of that Act” substitute “ section 995 of the Income Tax Act 2007 ”, and
 - (b) in paragraph (c) for “that Act” substitute “ the Taxes Act 1988 ”.

Finance Act 1990 (c. 29)

- 284 (1) Amend section 25 of the Finance Act 1990 (c. 29) (donations to charity by individuals) as follows.
- (2) Omit subsections (1) to (9A), (11) and (13).
- ^{F16}(3)
- ^{F16}(4)

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Textual Amendments

F16 Sch. 1 para. 284(3)(4) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 3 Pt. 1 (with Sch. 2)

Finance Act 1991 (c. 31)

- 285 The Finance Act 1991 (c. 31) is amended as follows.
- 286 Omit section 53 (Income Tax (Building Society) Regulations 1986).
- 287 Omit section 72 (deduction of trading losses).

Social Security Contributions and Benefits Act 1992 (c. 4)

- 288 The Social Security Contributions and Benefits Act 1992 (c. 4) is amended as follows.
- 289 In section 4A(3)(i)(i) (earnings of workers supplied by service companies etc) for “section 839 of the Income and Corporation Taxes Act 1988” substitute “section 993 of the Income Tax Act 2007”.
- 290 (1) Amend Schedule 2 (levy of Class 4 contributions with income tax) as follows.
- (2) In paragraph 1 after paragraph (ab) insert—
“(ac) “ITA 2007” means the Income Tax Act 2007;”.
- (3) In paragraph 3—
- (a) in sub-paragraph (1)—
- (i) for “the Act of 1988” substitute “ITA 2007”;
 - (ii) in paragraph (a) for “sections 380 and 381” substitute “sections 64 and 72”;
 - (iii) in paragraph (c) for “section 385” substitute “section 83”;
 - (iv) in paragraph (d) for “sections 388 and 389” substitute “section 89”;
- (b) in sub-paragraph (2)—
- (i) omit “of the Act of 1988”;
 - (ii) in paragraph (a) after “Chapter I of Part VII” insert “ of the Act of 1988 and Chapters 2 and 3 of Part 3 and sections 457, 458 and 459 of ITA 2007 ”;
 - (iii) in paragraph (b) for “section 353” substitute “section 383 of ITA 2007”;
 - (iv) omit paragraph (c);
 - (v) in paragraph (d) for “section 390” substitute “sections 88 and 94 of ITA 2007”;
- (c) in sub-paragraph (4) for “total income” substitute “net income”;
- (d) in sub-paragraph (5)—
- (i) omit paragraph (a);
 - (ii) in paragraph (b) for “section 353 of that Act” substitute “section 383 of ITA 2007”.
- (4) In paragraph 9(4) for “section 832 of the Act of 1988” substitute “section 989 of ITA 2007”.

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Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7)

- 291 The Social Security Contributions and Benefits (Northern Ireland) Act 1992 is amended as follows.
- 292 In section 4A(3)(i)(i) (earnings of workers supplied by service companies etc) for “section 839 of the Income and Corporation Taxes Act 1988” substitute “section 993 of the Income Tax Act 2007”.
- 293 (1) Amend Schedule 2 (Schedule 2 to the Social Security Contributions and Benefits Act 1992: levy of Class 4 contributions with income tax) as follows.
- (2) In paragraph 1 after paragraph (ab) insert—
- “(ac) “ITA 2007” means the Income Tax Act 2007;”.
- (3) In paragraph 3—
- (a) in sub-paragraph (1)—
- (i) for “the Act of 1988” substitute “ITA 2007”;
- (ii) in paragraph (a) for “sections 380 and 381” substitute “sections 64 and 72”;
- (iii) in paragraph (c) for “section 385” substitute “section 83”;
- (iv) in paragraph (d) for “sections 388 and 389” substitute “section 89”;
- (b) in sub-paragraph (2)—
- (i) omit “of the Act of 1988”;
- (ii) in paragraph (a) after “Chapter I of Part VII” insert “of the Act of 1988 and Chapters 2 and 3 of Part 3 and sections 457, 458 and 459 of ITA 2007”;
- (iii) in paragraph (b) for “section 353” substitute “section 383 of ITA 2007”;
- (iv) omit paragraph (c);
- (v) in paragraph (d) for “section 390” substitute “sections 88 and 94 of ITA 2007”;
- (c) in sub-paragraph (4) for “total income” substitute “net income”;
- (d) in sub-paragraph (5)—
- (i) omit paragraph (a);
- (ii) in paragraph (b) for “section 353 of that Act” substitute “section 383 of ITA 2007”.
- (4) In paragraph 9(4) for “section 832 of the Act of 1988” substitute “section 989 of ITA 2007”.

Taxation of Chargeable Gains Act 1992 (c. 12)

294 The Taxation of Chargeable Gains Act 1992 is amended as follows.

^{F17}295

Textual Amendments

F17 Sch. 1 para. 295 omitted (21.7.2008 with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 21\(k\)](#)

^{F18}296

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Textual Amendments

F18 Sch. 1 para. 296 omitted (21.7.2008 with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 21\(k\)](#)

297 For section 11 (visiting forces, agents-general etc) substitute—

“11 Visiting forces and official agents

(1) If section 833 of ITA 2007 (visiting forces and staff of designated allied headquarters) applies to an individual throughout a period, the period is not treated for capital gains tax purposes as—

- (a) a period of residence in the United Kingdom, or
- (b) creating a change of the individual's residence or domicile.

(2) If an individual is entitled to immunity from income tax by virtue of section 841 of ITA 2007 (which provides immunity from income tax for official agents of Commonwealth countries or the Republic of Ireland etc), the individual is entitled to the same immunity from capital gains tax as that to which a member of the staff of a mission is entitled under the Diplomatic Privileges Act 1964.

(3) “A member of the staff of a mission” is to be read in accordance with the Diplomatic Privileges Act 1964.”

298 In section 16(1) (computation of losses) for “section 72 of the Finance Act 1991” substitute “ sections 261B, 261D and 263ZA ”.

299 In section 37 (consideration chargeable to tax on income) at the end insert—

“(5) If—

- (a) because section 759(4) or (6) of ITA 2007 applies, the person charged to tax under Chapter 3 of Part 13 of that Act (transactions in land) is a person other than the person (“A”) by whom the gain was realised, and
- (b) the income tax has been paid,

for the purposes of this section the amount charged to that tax is regarded as having been charged as the income of A.

(6) If—

- (a) because section 777(5) of that Act applies, the person charged to tax under Chapter 4 of Part 13 of that Act (sales of occupation income) is a person other than the person (“B”)—
 - (i) for whom the capital amount was obtained, or
 - (ii) in the case of income treated as arising under section 779 of that Act, by whom the property or right was sold or realised, and
- (b) the income tax has been paid,

for the purposes of this section the amount charged to that tax is regarded as having been charged as the income of B.

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(7) In subsection (6) “capital amount” has the same meaning as in Chapter 4 of Part 13 of that Act (sales of occupation income) (see section 777(7) of that Act).”

300 In section 39 (exclusion of expenditure by reference to tax on income) after subsection (3) insert—

“(4) If—

(a) because section 759(4) or (6) of ITA 2007 applies, the person charged to tax under Chapter 3 of Part 13 of that Act (transactions in land) is a person other than the person (“A”) by whom the gain was realised, and

(b) the income tax has been paid,

for the purposes of this section the amount charged to that tax is regarded as having been charged as the income of A.”

^{F19}301

Textual Amendments

F19 Sch. 1 para. 301 omitted (21.7.2008 with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 21\(k\)](#)

^{F20}302

Textual Amendments

F20 Sch. 1 para. 302 omitted (15.3.2018) by virtue of [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 20\(4\)](#)

303 In section 98(2) (power to obtain information for purposes of sections 87 to 90)—

(a) for the words from the beginning to “745(1)” substitute “ Sections 748(3) to (5), 749 and 750 of ITA 2007 shall have effect in relation to subsection (1) above as they have effect in relation to section 748(1) and (2) of that Act ”, and

(b) in paragraph (a) for “Chapter III of Part XVII of the Taxes Act” substitute “ Chapter 2 of Part 13 of that Act ”.

304 In section 101B(1)(a) (transfer of a company's assets to VCT), for “section 842AA of the Taxes Act” substitute “ Part 6 of ITA 2007 ”.

305 In section 101C(7) (transfer within group to VCT), for “section 842AA of the Taxes Act” substitute “ Part 6 of ITA 2007 ”.

306 (1) Amend section 105A (shares acquired on the same day: elections for alternative treatment) as follows.

(2) In subsection (4)—

(a) after “Chapter 3 of Part 7 of the Taxes Act” insert “ , relief under Part 5 of ITA 2007 ”,

(b) after “section 299 of the Taxes Act” insert “ or section 246 of ITA 2007 ”,

(c) for “of that Act” substitute “ of the Taxes Act or subsection (3) of section 246 of ITA 2007 ”, and

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- (d) for “that section” substitute “ section 299 of the Taxes Act or subsection (4) of section 246 of ITA 2007 ”.
- (3) In subsection (7)—
- (a) after “Chapter 3 of Part 7 of the Taxes Act” insert “ or relief under Part 5 of ITA 2007 ”,
- (b) for “that Act” substitute “ the Taxes Act or section 245 of ITA 2007 ”, and
- (c) after “that Chapter” insert “ or relief under that Part ”.
- (4) After subsection (8) insert—
- “(9) In this section references to Part 5 of ITA 2007 or any provision of that Part are to a Part or provision that applies only in relation to shares issued after 5 April 2007.”
- 307 In section 108(1)(a) (identification of relevant securities) for “section 710 of the Taxes Act” substitute “ Chapter 2 of Part 12 of ITA 2007 (accrued income profits) ”.
- 308 (1) Amend section 119 (transfer of securities subject to the accrued income scheme) as follows.
- (2) For subsections (1) to (5) substitute—
- “(1) Where there is a transfer of securities within the meaning of Chapter 2 of Part 12 of ITA 2007 (accrued income profits)—
- (a) if a payment is treated as made to the transferor under section 632 of that Act or by the transferor under section 633 of that Act, section 37 shall be disregarded in computing the gain accruing on the disposal concerned;
- (b) if a payment is treated as made by the transferee under section 632 of that Act or to the transferee under section 633 of that Act, section 39 shall be disregarded in computing the gain accruing to the transferee if he disposes of the securities;
- but subsections (2) and (3) below shall apply.
- (2) Where the securities are transferred with accrued interest (within the meaning of that Chapter)—
- (a) if a payment is treated as made to the transferor under section 632 of ITA 2007, an amount equal to the amount of that payment shall be excluded from the consideration mentioned in subsection (8) below;
- (b) if a payment is treated as made by the transferee under that section, an amount equal to the amount of that payment shall be excluded from the sums mentioned in subsection (9) below.
- (3) Where the securities are transferred without accrued interest (within the meaning of that Chapter)—
- (a) if a payment is treated as made by the transferor under section 633 of ITA 2007, an amount equal to the amount of that payment shall be added to the consideration mentioned in subsection (8) below;
- (b) if a payment is treated as made to the transferee under that section, an amount equal to the amount of that payment shall be added to the sums mentioned in subsection (9) below.
- (3A) Subsections (3B) and (3C) below apply where there is a transfer of variable rate securities (within the meaning of that Chapter) and—

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- (a) the transferor is treated as making accrued income profits under section 630(2) of ITA 2007, or
 - (b) a payment is treated as made to the transferor under section 635 of that Act.
- (3B) Section 37 shall be disregarded in computing the gain accruing on the disposal concerned.
- (3C) An amount equal to the amount of the profits or payment shall be excluded from the consideration mentioned in subsection (8) below.
- (4) Where there is a transfer of securities with unrealised interest (within the meaning of Chapter 2 of Part 12 of ITA 2007)—
 - (a) if section 630 of that Act applies or a payment is treated as made to the transferor under section 634 of that Act, section 37 shall be disregarded in computing the gain accruing on the disposal concerned, but the relevant amount shall be excluded from the consideration mentioned in subsection (8) below;
 - (b) if section 681 of that Act applies, section 39 shall be disregarded in computing the gain accruing on the disposal concerned, but the relevant amount shall be excluded from the sums mentioned in subsection (9) below.
- (5) In subsection (4) above “the relevant amount” means an amount equal to—
 - (a) if paragraph (b) below does not apply, the amount of the unrealised interest in question (within the meaning of Chapter 2 of Part 12 of ITA 2007);
 - (b) if section 660 of that Act applies—
 - (i) in a case falling within subsection (4)(a) above, the amount taken, by virtue of section 660 or 661 of that Act (as the case may be), to be the unrealised interest value for the purposes of section 660(2) or (3) of that Act;
 - (ii) in a case falling within subsection (4)(b) above, the amount of income that is exempt from liability to income tax under section 681 of that Act.”
- (3) In subsection (6) for the words from “as if” to the end substitute “as if for “ is treated as made ”, in each place where it occurs, there were substituted “would, if the disposal were a transfer, be treated as made”.”
- (4) For subsection (7) substitute—

“(7) Where there is a disposal of securities for the purposes of this Act which is not a transfer (within the meaning of Chapter 2 of Part 12 of ITA 2007) but, if it were such a transfer, a payment would be treated as made under section 632 or 633 of that Act, the securities shall be treated—

 - (a) for the purposes of subsection (6) above, as transferred on the day of the disposal, and
 - (b) for the purposes of subsections (2) and (3) above, as transferred with accrued interest if, had the disposal been a transfer within the meaning of that Chapter, it would have been a transfer with accrued interest and as transferred without accrued interest if, had

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the disposal been such a transfer, it would have been a transfer without accrued interest.

(7A) In relation to any securities which by virtue of subsection (7B) below are treated for the purposes of this subsection as having been transferred, subsection (3A) above shall have effect as if—

- (a) for “is treated as making” there were substituted “ would, if the disposal were a transfer, be treated as making ”, and
- (b) for “is treated as made” there were substituted “ would, if the disposal were a transfer, be treated as made ”.

(7B) Where there is a disposal of securities for the purposes of this Act which is not a transfer (within the meaning of Chapter 2 of Part 12 of ITA 2007) but, if it were such a transfer, the transferor would be treated as making accrued income profits under section 630(2) of that Act in respect of a transfer of variable rate securities or a payment would be treated as made under section 635 of that Act—

- (a) the securities shall be treated, for the purposes of subsection (7A) above, as transferred on the day of the disposal, and
- (b) the transfer shall be treated, for the purposes of subsection (3A) above, as a transfer of variable rate securities.”

(5) In subsection (10) for the words from “a person is treated”, in the first place where it occurs, to “(determined under that section)”, in the first place it occurs, substitute “ a payment is treated as made to a person under section 632 or 635 of ITA 2007, or a person is treated as making accrued income profits under section 630(2) of that Act in respect of a transfer of variable rate securities, an amount equal to the amount of the payment or profits ”.

(6) In the full-out words of subsection (10) for the words from “a person is treated” to “(determined under that section)” substitute “ a payment is treated as made by a person under section 633 of that Act an amount equal to the amount of the payment ”.

309 After section 125 insert—

“Share loss relief

125A Effect of share loss relief

- (1) If loss relief under section 573 of the Taxes Act or Chapter 6 of Part 4 of ITA 2007 (“share loss relief”) is obtained in respect of a loss or any part of a loss, no deduction is to be made in respect of the loss or (as the case may be) the part under this Act.
- (2) If a claim is made for share loss relief in respect of a loss accruing on the disposal of shares, section 30 has effect in relation to the disposal as if for the references in subsections (1)(b) and (5) to a tax-free benefit there were substituted references to any benefit whether tax-free or not.
- (3) All such adjustments of corporation tax on chargeable gains or capital gains tax are to be made, whether by way of assessment or by way of discharge or repayment of tax, as may be required in consequence of—
 - (a) share loss relief being obtained in respect of an allowable loss, or

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- (b) such relief not being obtained in respect of the whole or part of such a loss in respect of which a claim is made.”

F21 310

Textual Amendments

F21 Sch. 1 para. 310 omitted (with effect in accordance with Sch. 12 para. 18(1) of the amending Act) by virtue of Finance Act 2013 (c. 29), Sch. 12 para. 15(3)

- 311 (1) Amend section 150A (enterprise investment schemes) as follows.
- (2) In subsection (2) after “section 312 (1A)(a) of the Taxes Act” insert “ or section 159(2) of ITA 2007 ”.
 - (3) In subsection (3) for paragraphs (a), (aa) and (b) substitute—
 - “(a) an individual's liability to income tax has been reduced (or treated by virtue of section 304 of the Taxes Act or section 245 of ITA 2007 (spouses and civil partners) as reduced) for any year of assessment under section 289A of the Taxes Act or section 158 of ITA 2007 in respect of any issue of shares,
 - (b) the amount of the reduction (“A”) is less than the amount (“B”) which is equal to tax at the savings rate for that year on the amount subscribed for the issue, and
 - (c) A is not found under section 289A(2)(b) of the Taxes Act or (as the case may require) is not within paragraph (b) solely by virtue of section 29(2) and (3) of ITA 2007.”.
 - (4) In subsection (4) after “the Taxes Act” insert “ or as provided by section 246 of ITA 2007 ”.
 - (5) In subsection (8B) for the words from “subsection (2)” to the end substitute “ section 306(2) of the Taxes Act or section 203(1) of ITA 2007 and in accordance with section 306 of the Taxes Act or sections 204 and 205 of ITA 2007 ”.
 - (6) In subsection (8C) after “Taxes Act” insert “ or section 159(2) of ITA 2007 ”.
 - (7) In subsection (8D)—
 - (a) after “section 304A of the Taxes Act” insert “ or section 247 of ITA 2007 ”, and
 - (b) for paragraph (b) substitute—
 - “(b) the following—
 - (i) subsections (2)(b), (3) and (4) of section 304A of the Taxes Act and subsection (5) of that section so far as relating to section 306(2) of that Act, or
 - (ii) sections 247(3)(b), 248(2)(a) and 249 of ITA 2007,shall apply for the purposes of this section as they apply for the purposes of Chapter 3 of Part 7 of the Taxes Act or Part 5 of ITA 2007.”
 - (8) In subsection (10A) for “the same meaning as in the Taxes Act” substitute “ the meaning given in section 989 of ITA 2007 ”.
 - (9) In subsection (11)—

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- (a) after “Taxes Act” insert “ or Part 5 of ITA 2007 ”, and
- (b) after “that Chapter” insert “ or means shares that meet the requirements of section 173(2) of ITA 2007 ”.

(10) After subsection (12) insert—

“(13) References in this section to Part 5 of ITA 2007 or any provision of that Part are to a Part or provision that applies only in relation to shares issued after 5 April 2007.”

- 312 (1) Amend section 150B (enterprise investment scheme: reduction of relief) as follows.
- (2) In subsection (1)—
- (a) after “section 300(1A)(a) of the Taxes Act” insert “ or section 213(2)(a) of ITA 2007 ”, and
 - (b) for “that Act” substitute “ the Taxes Act or section 224(2)(a) of ITA 2007 ”.
- (3) In subsection (6) for “Subsections (11) and (12)” substitute “ Subsections (11) to (13) ”.

F22 313

Textual Amendments

F22 Sch. 1 para. 313 omitted (21.7.2008 with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 55\(i\)](#)

314 In section 151A(7) (venture capital trusts: reliefs) for “the meaning of the Taxes Act” substitute “ the meaning given in section 989 of ITA 2007 ”.

315 (1) Amend section 151B (VCTs: supplementary) as follows.

(2) In subsection (3)—

- (a) in paragraph (a) for “been given” substitute “ obtained ” and for “Part 1 of Schedule 15B to the Taxes Act” substitute “ Chapter 2 of Part 6 of ITA 2007 ”, and
- (b) in paragraphs (b) and (c) for “been given” substitute “ obtained ” and for “that Part of that Schedule” substitute “ that Chapter of that Part ”.

(3) In subsection (6)(b) for “section 842AA(8) of the Taxes Act” substitute “ section 281(3) of ITA 2007 ”.

(4) In subsection (8)(b) for “given” substitute “ obtained ” and for “Part 1 of Schedule 15B to the Taxes Act” substitute “ Chapter 2 of Part 6 of ITA 2007 ”.

316 After section 151B insert—

“151BA CITR: identification of securities or shares on a disposal

- (1) This section applies for the purpose of identifying the securities or shares disposed of in any case where—
- (a) an individual or company (“the investor”) disposes of part of a holding of securities or shares (“the holding”), and
 - (b) the holding includes securities or shares to which CITR is attributable in respect of one or more years of assessment or

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accounting periods that have been held by the investor continuously from the time they were issued until the disposal.

- (2) Any disposal by the investor of securities or shares included in the holding which have been acquired by the investor on different days is treated as relating to those acquired on an earlier day rather than to those acquired on a later day.
- (3) If there is a disposal by the investor of securities or shares included in the holding which have been acquired by the investor on the same day, any of those securities or shares—
 - (a) to which CITR is attributable, and
 - (b) which have been held by the investor continuously from the time they were issued until the time of disposal,are treated as disposed of after any other securities or shares included in the holding which were acquired by the investor on that day.
- (4) For the purposes of this section a holding of securities is any number of securities of a company which—
 - (a) carry the same rights,
 - (b) were issued under the same terms, and
 - (c) are held by the investor in the same capacity.It does not matter for this purpose that the number of the securities grows or diminishes as securities carrying those rights and issued under those terms are acquired or disposed of.
- (5) For the purposes of this section a holding of shares is any number of shares in a company which—
 - (a) are of the same class, and
 - (b) are held by the investor in the same capacity.It does not matter for this purpose that the number of the shares grows or diminishes as shares of that class are acquired or disposed of.
- (6) Chapter 1 of Part 4 (share pooling, etc) has effect subject to this section.
- (7) Sections 104 to 107 (which make provision for the identification of securities and shares on a disposal) do not apply to securities or shares to which CITR is attributable.
- (8) In a case to which section 127 (equation of original shares and new holding) applies, shares included in the new holding are treated for the purposes of subsections (2) and (3) as acquired when the original shares were acquired.
- (9) In subsection (8)—
 - (a) the reference to section 127 includes a reference to that section as it is applied by virtue of any enactment relating to chargeable gains, and
 - (b) “original shares” and “new holding” have the same meaning as in section 127, or (as the case may be) that section as applied by virtue of the enactment in question.
- (10) In this section and sections 151BB and 151BC—
 - (a) if the investor is an individual—

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- (i) “CITR” has the meaning given by section 333 of ITA 2007,
 - (ii) references to CITR being attributable to securities, shares or debentures are to be read in accordance with section 357 of that Act, and
 - (iii) references to securities, shares or debentures having been held by the investor continuously are to be read in accordance with section 380 of that Act,
- (b) if the investor is a company—
- (i) “CITR” means relief under Part 5 of Schedule 16 to the Finance Act 2002,
 - (ii) references to CITR being so attributable are to be read in accordance with paragraph 26 of that Schedule, and
 - (iii) references to securities, shares or debentures having been held by the investor continuously are to be read in accordance with paragraph 49 of that Schedule.”

317 After section 151BA insert—

“151BB CITR: rights issues etc

- (1) If—
- (a) an individual or company (“the investor”) holds shares in the CDFI which are of the same class and held in the same capacity (“the existing holding”),
 - (b) there is a reorganisation affecting the existing holding as a result of an allotment which—
 - (i) falls within section 126(2)(a) (an allotment of shares or debentures in respect of and in proportion to an original holding), and
 - (ii) is not an allotment of corresponding bonus shares,
 - (c) immediately after the reorganisation, CITR is attributable to the shares included in the existing holding or the shares or debentures allotted in respect of those shares, in respect of one or more years of assessment or accounting periods, and
 - (d) if CITR is attributable to the shares included in the existing holding at that time, those shares have been held by the investor continuously from the time they were issued until the reorganisation,

sections 127 to 130 (treatment of share capital following a reorganisation) do not apply in relation to the existing holding.

- (2) Section 116(10) (reorganisations, conversions and reconstructions) does not apply in any case where the old asset consists of shares held (in the same capacity) by the investor—
- (a) that have been held by the investor continuously from the time they were issued until the relevant transaction, and
 - (b) to which CITR is attributable immediately before that transaction.

In this subsection “old asset” and “the relevant transaction” have the meaning given by section 116.

- (3) For the purposes of subsection (1)—

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“corresponding bonus shares” means bonus shares that—

- (a) are issued in respect of shares included in the existing holding, and
- (b) are in the same company, are of the same class, and carry the same rights as, those shares,

“reorganisation” has the meaning given in section 126.

- (4) The following provisions of this Act have effect subject to this section—
section 116 (reorganisations, conversions and reconstructions);
Chapter 2 of Part 4 (reorganisation of share capital, conversion of securities etc).
- (5) In this section “the CDFI” is to be read—
 - (a) if the investor is an individual, in accordance with section 334(2) of ITA 2007,
 - (b) if the investor is a company, in accordance with paragraph 1(2) of Schedule 16 to the Finance Act 2002.”

318 After section 151BB insert—

“151BC CITR: company reconstructions etc

- (1) If—
 - (a) an individual or company (“the investor”) holds shares in or debentures of a company (“company A”),
 - (b) there is a reconstruction or amalgamation affecting that holding (“the existing holding”),
 - (c) immediately before the reconstruction or amalgamation, CITR is attributable to the shares or debentures included in the existing holding in respect of one or more years of assessment or accounting periods, and
 - (d) the shares or debentures included in the existing holding have been held by the investor continuously from the time they were issued until the reconstruction or amalgamation,sections 135 and 136 (share exchanges and company reconstructions) do not apply in respect of the existing holding.
- (2) Subsection (1)(a) applies only if the shares or debentures are held by the investor in the same capacity.
- (3) For the purposes of subsection (1) a “reconstruction or amalgamation” means an issue by a company of shares in or debentures of that company in exchange for or in respect of shares in or debentures of company A.
- (4) The following provisions of this Act have effect subject to this section—
section 116 (reorganisations, conversions and reconstructions),
Chapter 2 of Part 4 (reorganisation of share capital, conversion of securities etc).
- (5) The investor is treated as disposing of any securities or shares which but for subsection (1) the investor—
 - (a) would be treated as exchanging for other securities or shares by virtue of section 136, or

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- (b) would be so treated but for section 137(1) (which restricts section 136 to genuine reconstructions).”
- 319 In section 151C(5) (strips: manipulation of price: associated payment giving rise to loss) for “section 709(1)” substitute “ section 840ZA ”.
- 320 In section 151D(5) (corporate strips: manipulation of price: associated payment giving rise to loss) for “section 709(1)” substitute “ section 840ZA ”.
- 321 In section 161 (stock in trade: appropriations to and from stock) after subsection (4) insert—
- “(5) If—
- (a) any person is charged to income tax under section 755 of ITA 2007 (charge to tax from transactions in land) on the realisation of a gain because the condition in section 756(3)(d) is met, and
- (b) the gain is calculated on the basis that any property was appropriated as trading stock,
- the property shall be treated on that basis also for the purposes of this section.”
- 322 In section 169D(1) (gifts to settlor-interested settlements: exceptions) for “691(2) of the Taxes Act (certain income of maintenance funds for historic buildings not to be income of settlor etc)” substitute “ 508 of ITA 2007 (trustees' election in respect of income arising from heritage maintenance property) ”.
- 323 In section 226B(1) (private residence relief: special cases) for “691(2) of the Taxes Act (certain income of maintenance funds for historic buildings not to be income of settlor etc)” substitute “ 508 of ITA 2007 (trustees' election in respect of income arising from heritage maintenance property) ”.
- 324 In section 231(1) and (3) (shares: special provision) after “Taxes Act” insert “ or Part 5 of ITA 2007 ”.
- 325 In section 241(3)(a) (furnished holiday lettings) for the words from “the Taxes Act)” to “that Act)” substitute “ the Income Tax Acts), or any Schedule A business (within the meaning of the Taxes Act) ”.
- 326 (1) Amend section 256 (charities) as follows.
- (2) In subsection (1) for the words “subsection (2) below” substitute “ the following provisions of this section ”.
- (3) After subsection (2) insert—
- “(3) Subsection (4) below applies if a charitable trust has a non-exempt amount under section 540 of ITA 2007 for a year of assessment.
- (4) Gains accruing to the charitable trust in the year of assessment are treated as being, and always having been, chargeable gains so far as they are attributed under section 256A to the non-exempt amount.
- (5) For restrictions on exemptions under Part 10 of ITA 2007 (special rules about charitable trusts etc) see section 539 of that Act.”
- 327 After section 256 insert—

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“256A Attributing gains to the non-exempt amount

- (1) This section applies if a charitable trust has a non-exempt amount under section 540 of ITA 2007 for a year of assessment.
- (2) Attributable gains of the charitable trust for the year of assessment may be attributed to the non-exempt amount but only so far as the non-exempt amount has not been used up.
- (3) The non-exempt amount can be used up (in whole or in part) by—
 - (a) attributable gains being attributed to it under this section, or
 - (b) attributable income being attributed to it under section 541 of ITA 2007.
- (4) The whole of the non-exempt amount must be used up by—
 - (a) attributable gains being attributed to the whole of it under this section,
 - (b) attributable income being attributed to the whole of it under section 541 of ITA 2007, or
 - (c) a combination of attributable gains being attributed to some of it under this section and attributable income being attributed to the rest of it under section 541 of ITA 2007.
- (5) See section 256B for the way in which gains are to be attributed to the non-exempt amount under this section.
- (6) In this section and section 256B a charitable trust's “attributable income”, and “attributable gains”, for a tax year have the same meaning as in Part 10 of ITA 2007 (see section 540 of that Act).

256B How gains are attributed to the non-exempt amount

- (1) This section is about the ways in which attributable gains can be attributed to a non-exempt amount under section 256A.
- (2) The trustees of the charitable trust may specify the attributable gains that are to be attributed to the non-exempt amount.
- (3) A specification under subsection (2) is made by notice to an officer of Revenue and Customs.
- (4) Subsection (6) applies if—
 - (a) an officer of Revenue and Customs requires the trustees of a charitable trust to make a specification under this section, and
 - (b) the trustees have not given notice under subsection (3) of the specification before the end of the required period.
- (5) The required period is 30 days beginning with the day on which the officer made the requirement.
- (6) An officer of Revenue and Customs may determine the attributable gains that are to be attributed to the non-exempt amount.”

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“(2A) Subsection (2B) applies if relief is available under Chapter 3 of Part 8 of ITA 2007 or section 587B of the Taxes Act (gifts of shares, securities and real property to charities) in relation to the disposal of a qualifying investment to a charity (whether or not a claim for relief is actually made).

(2B) The consideration for which the charity's acquisition of the qualifying investment is treated by virtue of subsection (2) above as having been made—

- (a) is reduced by the relievable amount if relief in relation to the disposal is available only under Chapter 3 of Part 8 of ITA 2007,
- (b) is reduced by the relevant amount if relief in relation to the disposal is available only under section 587B of the Taxes Act,
- (c) is reduced by the relievable amount if relief in relation to the disposal is available both under that Chapter and that section as a result of section 442 of ITA 2007 and section 587BA of the Taxes Act, or
- (d) is reduced to nil if that consideration is less than the amount referred to in paragraph (a), (b) or (c) (as the case may be).

(2C) In subsections (2A) and (2B)—

“qualifying investment” has the same meaning as in Chapter 3 of Part 8 of ITA 2007 (see section 432 of that Act),

“relevant amount” has the same meaning as in section 587B of the Taxes Act, and

“relievable amount” has the same meaning as in Chapter 3 of Part 8 of ITA 2007 (see section 434 of that Act).”

329 After section 261A insert—

“Deduction of trading losses or post-cessation expenditure etc

261B Treating trade loss etc as CGT loss

(1) A person may make a claim under this section if—

- (a) relief is available to the person under section 64 or 128 of ITA 2007 (trade or employment loss relief against general income) for a tax year in relation to an amount of loss, and
- (b) the person makes a claim under that section for the amount to be deducted in calculating the person's net income for the tax year.

(2) A person may also make a claim under this section if—

- (a) relief is available to the person as mentioned in subsection (1)(a) for a tax year in relation to an amount of loss, but
- (b) the person's total income for the tax year is nil or does not include any income from which the amount can be deducted.

(3) A claim under this section is for determining so much of the amount of the loss (“the relevant amount”) as—

- (a) is not deducted in calculating the person's net income for the tax year, and

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- (b) has not already been taken into account for the purposes of any relief for any other tax year or any year of assessment (whether under ITA 2007, this section or otherwise).
- (4) When the relevant amount can no longer be varied—
 - (a) by the Commissioners on appeal, or
 - (b) on the order of a court,it is treated for the purposes of capital gains tax as an allowable loss accruing to the person in the year of assessment corresponding to the tax year.
- (5) But so much of the relevant amount as exceeds the maximum amount (see section 261C) is not to be treated for the purposes of capital gains tax as an allowable loss.
- (6) The excess may, however, be used in giving effect to any other loss relief under Part 4 of ITA 2007 (depending on the terms of the relief).
- (7) The amount treated as an allowable loss under this section—
 - (a) is no longer to be regarded as an amount available for income tax relief, and
 - (b) is not to be deductible from chargeable gains accruing to a person in any year of assessment that begins after the person has permanently ceased to carry on the trade, profession, vocation, employment or office in which the loss was made.
- (8) A claim under this section must be made on or before the first anniversary of the normal self-assessment filing date for the tax year in which the loss was made in the trade, profession, vocation, employment or office.
- (9) In this section “normal self-assessment filing date”, “tax year” and “total income” have the same meaning as in the Income Tax Acts (see section 989 of ITA 2007).

261C Meaning of “the maximum amount” for purposes of section 261B

- (1) For the purposes of section 261B “the maximum amount” is the amount on which the person would be chargeable to capital gains tax for the year of assessment if—
 - (a) the provisions mentioned below were ignored, and
 - (b) no account were taken of the event mentioned below.
- (2) The provisions are—
 - (a) section 2A (taper relief),
 - (b) section 3(1) (annual exempt amount), and
 - (c) section 261B.
- (3) The event is any event—
 - (a) which occurs after the date on which the relevant amount (see section 261B(3)) can no longer be varied by the Commissioners on appeal or on the order of a court, and
 - (b) in consequence of which the amount chargeable to capital gains tax is reduced as a result of an enactment relating to capital gains tax.

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261D Treating excess post-cessation trade or property relief as CGT loss

- (1) A person may make a claim under this section if—
 - (a) relief is available to the person under section 96 or 125 of ITA 2007 (post-cessation trade or property relief) for a tax year in relation to an amount, and
 - (b) the person makes a claim under that section to deduct the amount in calculating the person's net income for the tax year.
- (2) A person may also make a claim under this section if—
 - (a) relief is available to the person as mentioned in subsection (1)(a) for a tax year in relation to an amount, but
 - (b) the person's total income for the tax year is nil.
- (3) A claim under this section is for treating for the purposes of capital gains tax so much of the amount as is not deducted in calculating the person's net income for the tax year (“the relevant amount”) as an allowable loss accruing to the person in the year of assessment corresponding to the tax year.
- (4) But so much of the relevant amount as exceeds the maximum amount (see section 261E) is not to be treated for the purposes of capital gains tax as an allowable loss.
- (5) The relevant amount is no longer to be regarded as an amount available for income tax relief.
- (6) A claim under this section must be made on or before the first anniversary of the normal self-assessment filing date for the tax year mentioned in subsection (1) or (2) (as the case may be).
- (7) In this section “normal self-assessment filing date”, “tax year” and “total income” have the same meaning as in the Income Tax Acts (see section 989 of ITA 2007).

261E Meaning of “the maximum amount” for purposes of section 261D

- (1) For the purposes of section 261D “the maximum amount” is the amount on which the person would be chargeable to capital gains tax for the year of assessment if the following were ignored.
- (2) The matters to be ignored are—
 - (a) any allowable losses falling to be carried forward to that year from a previous year for the purposes of section 2(2),
 - (b) section 3(1) (annual exempt amount), and
 - (c) any relief under section 261B or 261D.”

330 After section 261E insert—

“Repurchase price under repos

261F Deemed manufactured payments: effect on repurchase price

- (1) This section applies if —

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- (a) the repurchase price of UK shares, UK securities or overseas securities is treated by section 604(2), (4) or (5) of ITA 2007 (deemed increase in repurchase price: repos and options) as increased for the purposes of section 607 of that Act (treatment of price differences under repos),
 - (b) condition A or B is met, and
 - (c) section 263A does not apply.
- (2) Condition A is that, as a result of the increase, there is no difference for the purposes of section 607 of that Act between the sale price and the repurchase price.
- (3) Condition B is that, as a result of an exception in section 608 of that Act, section 607 of that Act does not apply.
- (4) The deemed increase of the repurchase price also has effect for capital gains tax purposes.
- (5) Expressions used in this section and in section 605 of ITA 2007 (deemed increase in repurchase price: other income tax purposes) have the same meanings in this section as in that section.”

331 After section 261F insert—

“261G Price differences under repos: effect on repurchase price

- (1) Subsections (2) and (3) apply if—
- (a) section 607 of ITA 2007 (treatment of price differences under repos) applies,
 - (b) an amount is treated under that section as a payment of interest, and
 - (c) section 263A does not apply.
- (2) If the repurchase price is more than the sale price, the repurchase price is treated for capital gains tax purposes as reduced by the amount of the payment of interest.
- (3) If the sale price is more than the repurchase price, the repurchase price is treated for capital gains tax purposes as increased by the amount of the payment of interest.
- (4) Expressions used in this section and in section 609 of ITA 2007 (additional income tax consequences of price differences under repos) have the same meanings in this section as in that section.”

332 After section 261G insert—

“261H Power to modify section 261G in non-arm's length case

- (1) The Treasury may by regulations provide for section 261G to apply with modifications if the exception in section 608(2) of ITA 2007 (agreement not at arm's length) would otherwise prevent it from applying.
- (2) Regulations under this section may make different provision for different cases.

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- (3) Regulations under this section may contain incidental, supplemental, consequential and transitional provision and savings.
 - (4) The incidental, supplemental, and consequential provision may include modifications of section 261F (deemed manufactured payments: effect on repurchase price).
 - (5) In this section “modifications” includes exceptions and omissions.
 - (6) Accordingly, the power in subsection (1) includes power to provide for any provision of section 261G not to apply in relation to the case mentioned in that subsection.”
- 333 (1) Amend section 263ZA (former employees: employment-related liabilities) as follows.
- (2) In subsection (1)(a)—
 - (a) for “from total income” substitute “ in calculating net income ”, and
 - (b) for “when computing a former employee's total income” substitute “ in calculating a former employee's net income ”.
 - (3) In subsection (1)(b) for “the total income” substitute “ the remaining total income ”.
 - (4) In subsection (2)(b) for “the total income” substitute “ the remaining total income ”.
 - (5) After subsection (2) insert—
 - “(2A) In this section “the remaining total income”, in relation to a tax year, means the former employee's total income for the tax year less reliefs already deducted for the tax year at Step 2 of the calculation in section 23 of ITA 2007 for the purpose of calculating the former employee's income tax liability.”
 - (6) In subsection (5)—
 - (a) in paragraph (d) for “against capital gains tax under section 72 of the Finance Act 1991” substitute “ under section 261B ”, and
 - (b) in paragraph (e) for “against capital gains tax under section 90(4) of the Finance Act 1995” substitute “ under section 261D ”.

F23 334

Textual Amendments
F23 Sch. 1 para. 334 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

- 335 F24 (1)
- F24 (2)
- F24 (3)
- F24 (4)
- F25 (5)
- F26 (6)

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F26(7)

F26(8)

Textual Amendments

- F24** Sch. 1 para. 335(1)-(4) omitted (1.1.2014) by virtue of [Finance Act 2013 \(c. 29\)](#), Sch. 1 para. 52, [Sch. 29 para. 30](#)
- F25** Sch. 1 para. 335(5) omitted (21.7.2008 with effect in accordance with s. 63(2) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 23 para. 12](#)
- F26** Sch. 1 para. 335(6)-(8) omitted (1.1.2014) by virtue of [Finance Act 2013 \(c. 29\)](#), Sch. 1 para. 52, [Sch. 29 para. 30](#)

336 After section 263E insert—

“263F Power to modify repo provisions: non-standard repo cases

- (1) The Treasury may by regulations provide for—
- (a) section 261F (deemed manufactured payments: effect on repurchase price),
 - (b) section 261G (price differences under repos: effect on repurchase price),
 - (c) section 263A (agreements for sale and repurchase of securities),
 - (d) section 263D (gains accruing to persons paying manufactured dividends), or
 - (e) any of those sections,
- to apply with modifications in relation to non-standard repo cases.
- (2) The power in subsection (1) to make provision for section 263A or 263D to apply with modifications is exercisable only so far as the section applies to cases falling within section 607 of ITA 2007 (treatment of price differences under repos).
- (3) A case is a non-standard repo case if—
- (a) there is a repo in respect of securities,
 - (b) under the repo there has been a sale (“the original sale”) of the securities by the original owner to the interim holder, and
 - (c) any of conditions A to E is met in relation to the repo.
- (4) Condition A is that—
- (a) the obligation to buy back the securities is not performed, or
 - (b) the option to buy them back is not exercised.
- (5) Condition B is that provision is made by or under an agreement for different or additional UK shares, UK securities or overseas securities to be treated as (or as included with) representative securities.
- (6) Condition C is that provision is made by or under an agreement for any UK shares, UK securities or overseas securities to be treated as not included with representative securities.

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- (7) Condition D is that provision is made by or under an agreement for the sale price or repurchase price to be decided or varied wholly or partly by reference to post-agreement fluctuations.
- (8) Condition E is that provision is made by or under an agreement for a person to be required, in a case where there are post-agreement fluctuations, to make a payment in the period—
 - (a) beginning immediately after the making of the agreement for the original sale, and
 - (b) ending when the repurchase price becomes due.
- (9) Expressions used in this section and in section 612 of ITA 2007 (powers to modify repo provisions: non-standard repo cases) have the same meanings in this section as in that section.”

337 After section 263F insert—

“263G Power to modify repo provisions: redemption arrangements

- (1) The Treasury may by regulations provide for—
 - (a) section 261F (deemed manufactured payments: effect on repurchase price),
 - (b) section 261G (price differences under repos: effect on repurchase price),
 - (c) section 263A (agreements for sale and repurchase of securities),
 - (d) section 263D (gains accruing to persons paying manufactured dividends), or
 - (e) any of those sections,
 to apply with modifications in relation to cases involving redemption arrangements.
- (2) The power in subsection (1) to make provision for section 263A or 263D to apply with modifications is exercisable only so far as the section applies to cases falling within section 607 of ITA 2007 (treatment of price differences under repos).
- (3) A case involves redemption arrangements if—
 - (a) arrangements, corresponding to those made in cases where there is a repo, are made by an agreement, or one or more related agreements, in relation to securities that are to be redeemed in the period after their sale,
 - (b) the securities are UK shares, UK securities or overseas securities, and
 - (c) the arrangements are such that the seller or a person connected with the seller (instead of being required to repurchase the securities or acquiring an option to do so) is granted rights in respect of the benefits that will result from the redemption.
- (4) Expressions used in this section and in section 613 of ITA 2007 (powers to modify repo provisions: redemption arrangements) have the same meanings in this section as in that section.”

338 After section 263G insert—

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“263H Sections 263F and 263G: supplementary provisions

- (1) Regulations under section 263F or 263G may make different provision for different cases.
- (2) Regulations under either section may contain incidental, supplemental, consequential and transitional provision and savings.
- (3) The incidental, supplemental and consequential provision may include—
 - (a) in the case of regulations about section 261G, modifications of section 261F, and
 - (b) in the case of regulations about section 263A or 263D, modifications of the operation of this Act in relation to cases where, by virtue of the regulations, any acquisition or disposal is excluded from those which are to be ignored for the purposes of capital gains tax.
- (4) In this section and sections 263F and 263G “modifications” includes exceptions and omissions.
- (5) Accordingly, a power in sections 263F and 263G to provide for a provision to apply with modifications in relation to a particular case includes power to provide for the provision not to apply in relation to that case.”

339 After section 263H insert—

“263I Powers about manufactured overseas dividends

- (1) The Treasury may by regulations make provision as mentioned in subsection (2) about prescribed cases where a person—
 - (a) pays or receives a manufactured overseas dividend as mentioned in section 581(1) of ITA 2007 (manufactured overseas dividends), or
 - (b) is treated as doing so for any purposes of Chapter 2 of Part 11 of that Act or regulations made under it (manufactured payments).
- (2) The regulations may provide for adjusting a relevant amount by reference to a provision which has effect under the law of a territory outside the United Kingdom.
- (3) A “relevant amount” is an amount which is treated for prescribed capital gains tax purposes as the amount paid or payable to a person in respect of a relevant transaction.
- (4) A “relevant transaction” is a sale, repurchase or other transfer of the overseas securities to which the manufactured overseas dividend relates.
- (5) In this section “prescribed” means prescribed in regulations under this section.
- (6) Subject to that, expressions used in this section and in section 582 of ITA 2007 (manufactured payments: powers about manufactured overseas dividends) have the same meanings in this section as in that section.”

340 (1) Amend section 271 (miscellaneous exemptions) as follows.

- (2) In subsection (3) for the words from “In this subsection” to the end substitute—

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“In this subsection—

“health service body” has the meaning given by section 519A of the Taxes Act, and

“local authority association” has the meaning given by section 1000 of ITA 2007.”

(3) After subsection (7) insert—

“(7A) Chargeable gains are exempt from tax if they accrue to a bank, or issue department of a bank, to which this subsection applies for the time being.

(7B) Her Majesty may by Order in Council direct that subsection (7A) applies to a bank or its issue department if it appears to Her Majesty that the bank—

(a) is not resident in the United Kingdom, and

(b) is entrusted by the government of a territory outside the United Kingdom with the custody of the territory's principal foreign exchange reserves.

(7C) No recommendation may be made to Her Majesty in Council to make an order under subsection (7B) unless a draft of the order has been laid before and approved by a resolution of the House of Commons.”

341 After section 285 insert—

“285A European Economic Interest Groupings

(1) The following rules about European Economic Interest Groupings apply for the purposes of charging tax in respect of chargeable gains—

Rule 1

A grouping is treated as acting as the agent of its members.

Rule 2

The activities of a grouping are treated as those of its members acting jointly.

Rule 3

Each member of a grouping is treated as having a share of the grouping's property, rights and liabilities.

Rule 4

Any trade or profession carried on by the grouping is treated as carried on in partnership by members of the grouping.

Rule 5

A person is to be regarded as acquiring or disposing of a share of the assets of the grouping not only where there is an acquisition or disposal of assets by the grouping while he is a member of it, but also where he becomes or ceases to be a member of a grouping or there is a change in his share of the property of the grouping.

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- (2) For the purposes of Rule 3, a member's share of any property, rights or liabilities of a grouping is determined according to the contract under which the grouping is established.
- (3) If the contract does not provide for this, the member's share is determined by reference to the share of the profits of the grouping to which the member is entitled under the contract.
- (4) If the contract does not provide for this either, the members are treated as having equal shares of the property, rights and liabilities of the grouping.
- (5) “European Economic Interest Grouping” means a European Economic Interest Grouping formed under Council Regulation ([EEC](#)) No 2137/85 of 25th July 1985, whether registered in Great Britain, Northern Ireland or elsewhere.”

342 (1) Amend section 288 (interpretation) as follows.

(2) In subsection (1)—

- (a) in the definition of “allowable loss” after “16” insert “, 261B, 261D ”,
- (b) after the definition of “ITTOIA 2005” insert—

““ITA 2007” means the Income Tax Act 2007;”,

- (c) in the definition of “local authority” for “section 842A of the Taxes Act” substitute “ section 999 of ITA 2007 ”,
- (d) after the definition of “the Management Act” insert—

““net income” has the same meaning as in the Income Tax Acts (see section 989 of ITA 2007);”,

- (e) in the definition of “period of account” for “section 832(1) of the Taxes Act” substitute “ section 989 of ITA 2007 ”,
- (f) in the definition of “property investment LLP” for “section 842B of the Taxes Act” substitute “ section 1004 of ITA 2007 ”,
- (g) in the definition of “recognised stock exchange” for “section 841 of the Taxes Act” substitute “ section 1005 of ITA 2007 ”,
- (h) in the definition of “venture capital trust” for “the meaning given by section 842AA of the Taxes Act” substitute “ the same meaning as in Part 6 of ITA 2007 ”, and

^{F27}(i)

(3) In subsection (2) for “section 833(2) of the Taxes Act” substitute “ section 989 of ITA 2007 ”.

(4) In subsection (3) for “section 282 of the Taxes Act” substitute “ section 1011 of ITA 2007 ”.

Textual Amendments

F27 Sch. 1 para. 342(2)(i) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 102\(b\)](#)

^{F28}343

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Textual Amendments

F28 Sch. 1 para. 343 omitted (21.7.2008 with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 55\(i\)](#)

- 344 In paragraph 14 of Schedule 4A (deemed disposal of underlying assets where disposal of interest in settled property: exception) for “691(2) of the Taxes Act (certain income of maintenance funds for historic buildings not to be income of settlor etc)” substitute “ 508 of ITA 2007 (trustees' election in respect of income arising from heritage maintenance property) ”.
- 345 (1) Amend Schedule 5B (enterprise investment scheme: re-investment) as follows.
- (2) In paragraph 1(2) (application of Schedule)—
- (a) in paragraph (e) after “that Act)” insert “ , or the requirements of section 183 of ITA 2007, ”, and
- ^{F29}(b)
- (3) In paragraph 1A (failure of conditions of application)—
- ^{F30}(a)
- (b) in sub-paragraph (5) for “or section 310(2) of the Taxes Act” substitute “ , section 310(2) of the Taxes Act or section 241(3) of ITA 2007 ”, and
- (c) in sub-paragraph (7) after “Taxes Act” insert “ or section 236(1) of ITA 2007 ”.
- (4) In paragraph 4 (gains accruing on chargeable event)—
- (a) in sub-paragraph (4) after “Taxes Act” insert “ or Part 5 of ITA 2007 ” and after “that Chapter”, in each place where it occurs, insert “ or that Part ”,
- (b) in sub-paragraph (4A) after “Taxes Act” insert “ or Part 5 of ITA 2007 ”, after “that Chapter” insert “ or that Part ” and for “that Act” substitute “ the Taxes Act or section 245 of ITA 2007 ”, and
- (c) in sub-paragraph (4C) after “Taxes Act” insert “ or Part 5 of ITA 2007 ”.
- (5) In paragraph 6 (claims)—
- (a) in sub-paragraph (1) after “Taxes Act” insert “ or sections 202(1), 203(1) and 204 to 207 of ITA 2007 ” and for “that Act in respect of eligible shares” substitute “ the Taxes Act or Part 5 of ITA 2007 in respect of eligible or relevant shares ”,
- (b) in sub-paragraph (2) for “That section” substitute “ Section 306 ”, and
- (c) after that sub-paragraph insert—
- “(3) Sections 202(1), 203(1) and 204 to 207 of ITA 2007, as they so apply, shall have effect as if any reference to the requirements for the relief were a reference to the conditions for the application of this Schedule.”
- (6) In paragraph 7(1) (reorganisations)—
- (a) after “the Taxes Act” insert “ or Part 5 of ITA 2007 ”, and
- (b) after “that Chapter” insert “ or that Part ”.
- (7) In paragraph 8 (acquisition of share capital by new company)—

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- (a) in sub-paragraph (1)(e)(ii) for “subsection (2) of section 306 of the Taxes Act” substitute “ section 306(2) of the Taxes Act or section 203(1) of ITA 2007 ” and for “that section” substitute “ section 306 of the Taxes Act or sections 204 and 205 of ITA 2007 ”,
 - (b) in sub-paragraph (5)(a) after “Taxes Act” insert “ or section 203(1) of ITA 2007 ”, and
 - (c) in sub-paragraph (7) after “Taxes Act” insert “ or section 185 of ITA 2007 ”.
- (8) In paragraph 9 (other reconstructions and amalgamations)—
- (a) in sub-paragraph (1) after “Taxes Act” insert “ or Part 5 of ITA 2007 ”,
 - (b) in sub-paragraph (3) after “Taxes Act” insert “ or Part 5 of ITA 2007 ”, and
 - (c) in sub-paragraph (4)(b) for “subsection (2) of section 306 of the Taxes Act” substitute “ section 306(2) of the Taxes Act or section 203(1) of ITA 2007 ” and for “that section” substitute “ section 306 of the Taxes Act or sections 204 and 205 of ITA 2007 ”.
- (9) In paragraph 11(5) (pre-arranged exits)—
- (a) after “trading group” insert “ (a) ”, and
 - (b) at the end insert “, or
 - (b) is a reference to a company that meets the trading requirement in section 181(2)(b) of ITA 2007.”
- (10) In paragraph 13(5) (value received by investor) after “Taxes Act” insert “ or Chapter 2 of Part 5 of ITA 2007 ”.
- (11) In paragraph 13C (provision supplemental to paragraph 13B)—
- (a) in sub-paragraph (3) for “Sub-paragraph (4) below” substitute “ This sub-paragraph ”, and
 - (b) for sub-paragraph (4) substitute—
 - “(4) Where either of the following applies—
 - (a) sub-paragraph (3) above, and
 - (b) section 223(3) of ITA 2007 (which makes corresponding provision in relation to EIS relief under Part 5 of that Act),the person who subscribes for the shares shall not by virtue of his subscription for those shares or any other shares in the same issue be treated as making a qualifying investment for the purposes of this Schedule.”
- (12) In paragraph 14(3) (value received by other persons)—
- (a) after “Taxes Act”, in the first place where it occurs, insert “ or Part 5 of ITA 2007 ”,
 - (b) for “that Act” substitute “ the Taxes Act or section 209 or 216(2)(a) of ITA 2007 ”, and
 - (c) after “section 300 of the Taxes Act” insert “ or 214 of ITA 2007 ”.
- (13) In paragraph 16 (information)—
- (a) in sub-paragraph (4)—
 - (i) after “Taxes Act”, in the first place where it occurs, insert “ or section 203(1) of ITA 2007 ”, and
 - (ii) after “Taxes Act”, in the second place where it occurs, insert “ or section 175(3) of ITA 2007 ”,

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- ^{F31}(b)
- (c) in sub-paragraph (6) after “Taxes Act” insert “ or section 176(4)(b) or (5) (b), 182(2) or (4), 183(6), 185(1), 190(1)(e) or 191(2)(c), (3), (4) or (5) of ITA 2007 ”,
- (d) in sub-paragraph (7)—
- (i) in paragraph (a) after “Taxes Act” insert “ or section 182(2) or (4) of ITA 2007 ”,
- (ii) in paragraph (aa) after “Taxes Act” insert “ or section 176(4)(b) or (5)(b), 183(6) or 191(3), (4) or (5) of ITA 2007 ”, and
- (iii) in paragraph (c) after “Taxes Act” insert “ or section 185(1), 190(1) (e) or 191(2)(c) of ITA 2007 ”, and
- (e) in sub-paragraph (7A)—
- (i) after “Taxes Act” insert “ and subsections (3), (4) and (5) of section 191 of ITA 2007 ”, and
- (ii) for “that Act” substitute “ the Taxes Act or section 190(2) of ITA 2007 ”.

(14) In paragraph 19(1) (interpretation)—

- (a) in the definition of “eligible shares” for “that Act” substitute “ the Taxes Act or means shares that meet the requirement in section 173 (2) of ITA 2007 ”,
- (b) in the definition of “ordinary share capital” for “the same meaning as in the Taxes Act” substitute “ the meaning given by section 989 of ITA 2007 ”,
- (c) in the definition of “qualifying business activity” after “Taxes Act” insert “ or section 179 of ITA 2007 ”,
- (d) for the definition of “qualifying company” substitute—

““qualifying company”, in relation to any eligible shares, means a company which, in relation to those shares, is—

- (a) a qualifying company for the purposes of Chapter 3 of Part 7 of the Taxes Act (except that for the purposes of this Schedule the reference in section 293(1B)(b)(i) of that Act to section 304A of that Act shall be read as a reference to paragraph 8 above), or
- (b) a qualifying company for the purposes of Part 5 of ITA 2007 (except that for the purposes of this Schedule the reference in section 184(1)(c)(i) of that Act to section 247 of that Act shall be read as a reference to paragraph 8 above).”
- (e) in the definition of “the relevant period” for “that Act” insert “ the Taxes Act or section 159(2) of ITA 2007 ”, and
- (f) in the definition of “termination date” after “Taxes Act” insert “ or section 256 of ITA 2007 ”.

(15) In paragraph 19(3) omit the “and” immediately before paragraph (c) and after that paragraph insert “; and

- (d) references to Part 5 of ITA 2007 or any provision of that Part are to a Part or provision that applies only in relation to shares issued on or after 6th April 2007”.

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Textual Amendments

- F29** Sch. 1 para. 345(2)(b) omitted (with effect in accordance with Sch. 8 para. 11 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 8 para. 10\(c\)](#)
- F30** Sch. 1 para. 345(3)(a) omitted (with effect in accordance with Sch. 8 para. 11 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 8 para. 10\(c\)](#)
- F31** Sch. 1 para. 345(13)(b) omitted (with effect in accordance with Sch. 8 para. 11 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 8 para. 10\(c\)](#)

346 In paragraph 1(1)(a) of Schedule 5BA (enterprise investment scheme: application of taper relief) after “Taxes Act” insert “ or Part 5 of ITA 2007 ”.

347 In paragraph 3(1)(f) of Schedule 5C (VCTs: deferred charge on re-investment) for “section 842AA(8) of the Taxes Act” substitute “ section 281(3) of ITA 2007 ”.

348 (1) Amend Schedule 7C (reliefs for transfers to approved share plans) as follows.

(2) In paragraph 2(6) (conditions relating to the disposal), in the definition of “ordinary share capital” for “section 832(1) of the Taxes Act” substitute “ section 989 of ITA 2007 ”.

(3) In paragraph 7(1) and (3) (shares: special provision) after “Taxes Act” insert “ or Part 5 of ITA 2007 ”.

349 In Schedule 8 (leases), in paragraph 5(6) for “any amount chargeable to tax under section 348 or 349 of the Taxes Act” substitute “ any amount from which a sum representing income tax is required to be deducted under Part 15 of ITA 2007 ”.

Finance (No. 2) Act 1992 (c. 48)

^{F32}350

Textual Amendments

- F32** Sch. 1 para. 350 omitted (1.4.2009) by [Finance Act 2008 \(c.9\)](#), s. 113(2), [Sch. 36 para. 92\(j\)](#) (with [Sch. 36 para. 38](#)); [S.I. 2009/404](#), art. 2 (with art. 12)

Tribunals and Inquiries Act 1992 (c. 53)

^{F33}351

Textual Amendments

- F33** Sch. 1 para. 351 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 463](#)

Judicial Pensions and Retirement Act 1993 (c. 8)

352 In section 3(6) of the Judicial Pensions and Retirement Act 1993 (the appropriate annual rate) for “section 279(1) of the Finance Act 2004” substitute “ section 4 of the Income Tax Act 2007 ”.

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

Charities Act 1993 (c. 10)

F34 353

Textual Amendments
F34 Sch. 1 para. 353 repealed (14.3.2012) by Charities Act 2011 (c. 25), s. 355, Sch. 10 (with s. 20(2), Sch. 8)

Finance Act 1993 (c. 34)

- 354 The Finance Act 1993 is amended as follows.
- 355 Omit section 80 (transitional relief for charities etc).
- 356 Omit section 118 (Scottish trusts).
- 357 (1) Amend section 176 (ancillary trust funds) as follows.
 - (2) In subsection (3) for paragraph (a) substitute—
 - “(a) section 636 of ITA 2007 (exception where there is a transfer to a legatee);”.
 - (3) In subsection (4) for “sections 710 to” substitute “ Part 12 of ITA 2007 and section ”.
- 358 (1) Amend section 180 (underwriting profits to be earned income) as follows.
 - (2) In subsection (1) for paragraph (b) substitute—
 - “(b) accordingly, shall constitute—
 - (i) for the purposes of Part 4 of the Finance Act 2004, relevant UK earnings within section 189(2)(b) of that Act, and
 - (ii) income in relation to which the treatment in section 836(2) of ITA 2007 does not apply.”
 - (3) In the sidenote for “earned income” substitute “ relevant UK earnings etc ”.

F35 359

Textual Amendments
F35 Sch. 1 para. 359 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

- 360 In section 212 (interpretation) at the end insert “, and “ITA 2007” means the Income Tax Act 2007 ”.
- 361 (1) Amend Schedule 20A (Lloyd's underwriters: conversion to limited liability underwriting) as follows.
 - (2) In paragraph 2—
 - (a) in sub-paragraph (2) for “The carry-forward provision” substitute “ Section 83 of ITA 2007 ”, and
 - (b) omit sub-paragraphs (3) and (4).
 - (3) In paragraph 5(1), in the definition of “ordinary share capital”, for “section 832(1) of the Taxes Act 1988” substitute “ section 989 of ITA 2007 ”.

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- (4) In paragraph 7(2) for “Section 385 of the Taxes Act 1988” substitute “ Section 83 of ITA 2007 ”.

Agriculture Act 1993 (c. 37)

- 362 In paragraph 22(2) of Schedule 2 to the Agriculture Act 1993 (tax provisions relating to the carrying out of approved scheme of reorganisation) for “section 469 of the Income and Corporation Taxes Act 1988” substitute “ the Tax Acts ”.

Finance Act 1994 (c. 9)

- 363 (1) Amend paragraph 11 of Schedule 20 to the Finance Act 1994 (changes for facilitating self-assessment etc) as follows.
- (2) In sub-paragraph (3) for the words from “be treated” to “excess” substitute “ be chargeable for that year to an amount of income tax equal to the excess ”.
- (3) Omit sub-paragraph (7).

Finance Act 1995 (c. 4)

- 364 The Finance Act 1995 is amended as follows.
- 365 Omit section 73 (venture capital trusts: regulations).
- 366 Omit section 90 (relief for post-cessation expenditure).
- ^{F36}367

Textual Amendments

F36 [Sch. 1 para. 367](#) repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 11](#) (with [Sch. 9 paras. 1-9, 22](#))

- 368 Omit section 128 (limit on income chargeable on non-residents: income tax).
- 369 (1) Amend section 154 (short rotation coppice) as follows.
- (2) In subsection (1)—
- (a) omit “Subject to subsection (1A),” and
- (b) for “Tax Acts” substitute “ Corporation Tax Acts ”.
- (3) Omit subsection (1A).
- 370 (1) Amend Schedule 22 (prevention of exploitation of Schedule 2 to ITTOIA 2005 (so far as relating to overlap profit)) as follows.
- (2) In paragraph 5(1)(b) for the words from “section 353” to “provision)” substitute “ section 383 of the Income Tax Act 2007 (relief for interest payments) ”.
- (3) In paragraph 17—
- (a) in sub-paragraph (2) for “section 839” to the end substitute “ section 993 of the Income Tax Act 2007 (but as if, in subsection (4) of that section, the words from “But this subsection” to the end were omitted). ”, and

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- (b) in sub-paragraph (6)(a), in paragraph (ii) of the definition of “control”, for “section 840 of that Act” substitute “ section 995 of the Income Tax Act 2007 ”.

Finance Act 1996 (c. 8)

F37371

Textual Amendments
F37 Sch. 1 paras. 371-376 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F37372

Textual Amendments
F37 Sch. 1 paras. 371-376 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F37F38373

Textual Amendments
F37 Sch. 1 paras. 371-376 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
F38 Sch. 1 para. 373 omitted (retrospective and with effect in accordance with Sch. 24 paras. 12, 13-16 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 24 paras. 9(e), 12**

F37374

Textual Amendments
F37 Sch. 1 paras. 371-376 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F37375

Textual Amendments
F37 Sch. 1 paras. 371-376 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F37376

Textual Amendments
F37 Sch. 1 paras. 371-376 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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Finance (No.2) Act 1997 (c. 58)

377 The Finance (No.2) Act 1997 is amended as follows.

378 Omit section 29 (unauthorised unit trusts).

F39 379

Textual Amendments

F39 Sch. 1 para. 379 repealed (19.7.2011) by Finance Act 2011 (c. 11), Sch. 26 para. 1(2)(b)(i)

Finance Act 1998 (c. 36)

380 The Finance Act 1998 is amended as follows.

381 In section 56(4) (transitional provision in connection with section 55 (construction workers supplied by agencies)) for “section 385 of the Taxes Act 1988” substitute “section 83 of the Income Tax Act 2007”.

382 In section 134(5) (transfer of company's assets to VCT) for “section 842AA of the Taxes Act 1988” substitute “Part 6 of the Income Tax Act 2007”.

383 In section 135(5) (transfer within group to VCT) for “section 842AA of the Taxes Act 1988” substitute “Part 6 of the Income Tax Act 2007”.

384 In section 161(2)(a) (non-FOTRA securities) for the words from “sections 711” to “receiving” substitute “Chapter 2 of Part 12 of the Income Tax Act 2007 (accrued income profits) in relation only to accrued income profits which a person is treated as making under section 628(5) or 630(2) of that Act”.

385 (1) Amend Schedule 18 (company tax returns, assessments and related matters) as follows.

(2) In paragraph 3 after sub-paragraph (4) insert—

“(5) Sub-paragraph (1)(b) has effect as if the reference to the Corporation Tax Acts included a reference to sections 911, 912, 914 and 915 of the Income Tax Act 2007.”

(3) In paragraph 20 after sub-paragraph (3) insert—

“(4) In the application of this paragraph to an error relating to information required in a return by virtue of paragraph 3(5), this paragraph has effect as if—

(a) the reference in sub-paragraph (1) to a tax-related penalty were a reference to an amount not exceeding £3,000, and

(b) sub-paragraphs (2) and (3) were omitted.”

(4) In paragraphs 22(3)(a) and 23(3)(a) for sub-paragraph (ii) substitute—

“(ii) section 495(1) or 975(2) or (4) of the Income Tax Act 2007 (statements about deduction of income tax),”.

Greater London Authority Act 1999 (c. 29)

386 The Greater London Authority Act 1999 is amended as follows.

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

- 387 In section 157(4) (restriction on exercise of certain powers except through a company)—
- (a) in paragraph (a) omit “income tax and” and “and” at the end, and
 - (b) after that paragraph insert—
 - “(aa) section 838 of the Income Tax Act 2007 (exemption of local authorities from income tax); and”.

- 388 In section 419(2) (taxation: certain bodies treated as a local authority)—
- (a) in paragraph (a) for “income and corporation taxes” substitute “corporation tax”, and omit “and” at the end, and
 - (b) after that paragraph insert—
 - “(aa) section 838 of the Income Tax Act 2007 (exemption of local authorities from income tax); and”.

Finance Act 2000 (c. 17)

389 The Finance Act 2000 is amended as follows.

F40 390

Textual Amendments
F40 Sch. 1 para. 390 repealed (19.7.2011) by Finance Act 2011 (c. 11), Sch. 26 para. 3(2)(c)

- 391 In section 44 (which makes provision about expenses of trustees) for subsections (4) and (5) substitute—
- “(5A) This section applies if—
 - (a) in a year of assessment qualifying income arises under a UK settlement,
 - (b) the qualifying income consists of charitable income and non-charitable income, and
 - (c) expenses of the trustees are to be used to reduce the charitable income for the purpose of calculating a beneficiary's liability to corporation tax.
 - (5B) The amount of those expenses which can used for that purpose is limited to the amount allocated to the charitable income.
 - (5C) The amount of the expenses allocated to the charitable income is determined by apportioning them rateably between the charitable income and the non-charitable income.
 - (5D) In this section—
 - “charitable income” means income within section 628(1) or 630(1) of ITTOIA 2005,
 - “non-charitable income” means income which is not charitable income, and
 - “qualifying income” and “UK settlement” have the same meaning as in section 628 of ITTOIA 2005.”

F41 392

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Textual Amendments

F41 Sch. 1 para. 392 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 3 Pt. 1 (with Sch. 2)

- 393 In section 155 (interpretation) at the end insert “ and “ITA 2007” means the Income Tax Act 2007 ”.
- 394 (1) Amend Schedule 15 (the corporate venturing scheme) as follows.
- (2) In paragraph 16(4) (the unquoted status requirement) after “Taxes Act 1988” insert “ or section 184(3) of ITA 2007 ”.
- (3) In paragraph 55(4) (provision supplementary to paragraph 54) after “Taxes Act 1988” insert “ or Part 5 of ITA 2007 ”.
- (4) In paragraph 56(3) (value received by other persons)—
- (a) after “Taxes Act 1988”, in the first place where it occurs, insert “ or Part 5 of ITA 2007 ”,
- (b) for “section 299 of that Act” substitute “ section 299 of the Taxes Act 1988 or section 209 of ITA 2007 ”,
- (c) for “section 300(2)(a) of that Act” substitute “ section 300(2)(a) of the Taxes Act 1988 or section 216(2)(a) of ITA 2007 ”, and
- (d) after “section 300 of the Taxes Act 1988” insert “ , section 214 of ITA 2007 ”.
- (5) In paragraph 102 (minor definitions etc) after sub-paragraph (8) insert—
- “(9) References in this Schedule to Part 5 of ITA 2007 or any provision of that Part are to a Part or provision that applies only in relation to shares issued after 5 April 2007.”
- 395 In paragraph 41 of Schedule 22 (tonnage tax: the requirement not to enter into tax avoidance arrangements) for sub-paragraph (3) substitute—
- “(3) In this paragraph “tax advantage” has the meaning given by section 840ZA of the Taxes Act 1988.”

Capital Allowances Act 2001 (c. 2)

- 396 The Capital Allowances Act 2001 is amended as follows.
- 397 (1) Amend section 4 (capital expenditure) as follows.
- (2) In subsection (4) for “section 348 or 349(1) of ICTA (annual payments)” substitute “ Chapter 6 of Part 15 of ITA 2007 (deduction from annual payments or patent royalties) or under section 906 of that Act (certain royalties etc where usual place of abode of owner is abroad) ”.
- (3) Omit subsection (5).
- 398 In section 70V(4) (tax avoidance involving international leasing) for “Chapter 1” to the end substitute “ section 840ZA of ICTA ”.
- 399 Omit section 70YI(4) (application of section 839 of ICTA).
- 400 In section 138(2)(b) (limit on amount deferred) for “section 385 or” substitute “ section 83 of ITA 2007 or section ”.

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- 401 In section 156(1)(a) and (c) (connected persons) for “section 839 of ICTA” substitute “ section 575 ”.
- 402 In section 220(8)(a) (allocation of expenditure to a chargeable period) omit “, within the meaning of section 840 of ICTA”.
- 403 In section 232(1)(a) (meaning of connected person) for “section 839 of ICTA” substitute “ section 575 ”.
- 404 In section 258 (special leasing: income tax) after subsection (3) insert—
“(3A) The allowance or (as the case may be) the proportionate part of the allowance is given effect at Step 2 of the calculation in section 23 of ITA 2007.”
- 405 In section 266(5)(a) (election where predecessor and successor are connected persons) for “section 839 of ICTA” substitute “ section 575 ”.
- ^{F42}406

Textual Amendments

F42 Sch. 1 para. 406 omitted (21.7.2008 with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 27\(4\)](#)

- 407 In section 437 (research and development allowances) for subsection (2) substitute—
“(2) In this Part “research and development”—
(a) means activities that fall to be treated as research and development in accordance with generally accepted accounting practice, and
(b) includes oil and gas exploration and appraisal.
(3) But—
(a) activities that, as a result of regulations made under section 1006 of ITA 2007, are “research and development” for the purposes of that section are also “research and development” for the purposes of this Part, and
(b) activities that, as a result of any such regulations, are not “research and development” for the purposes of that section are also not “research and development” for the purposes of this Part.”
- 408 In section 479 (persons having qualifying non-trade expenditure: income tax) after subsection (2) insert—
“(2A) The allowance is given effect at Step 2 of the calculation in section 23 of ITA 2007.”
- 409 At the beginning of Chapter 6 of Part 12 insert—

“Orders and regulations

Orders and regulations made by Treasury or Commissioners

570B) Any orders or regulations made by the Treasury or the Commissioners for Her Majesty's Revenue and Customs under this Act must be made by statutory instrument.

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- (2) Any orders or regulations made by the Treasury or the Commissioners under this Act are subject to annulment in pursuance of a resolution of the House of Commons.
- (3) Subsection (2) does not apply to any regulations made under section 70YJ or any order made under section 82(4)(d)."
- 410 In section 574(1) at the end insert "(but, for the purposes of section 575, this definition applies only where expressly indicated)".
- 411 For section 575 (connected persons) substitute—

"575 Meaning of "connected" persons

- (1) For the purposes of this Act whether a person is connected with another is determined in accordance with this section unless otherwise indicated.
- (2) An individual ("A") is connected with another individual ("B") if—
- (a) A is B's spouse or civil partner,
 - (b) A is a relative of B,
 - (c) A is the spouse or civil partner of a relative of B,
 - (d) A is a relative of B's spouse or civil partner, or
 - (e) A is the spouse or civil partner of a relative of B's spouse or civil partner.
- (3) A person, in the capacity as trustee of a settlement, is connected with—
- (a) any individual who is a settlor in relation to the settlement,
 - (b) any person connected with such an individual,
 - (c) any close company whose participators include the trustees of the settlement,
 - (d) any non-UK resident company which, if it were UK resident, would be a close company whose participators include the trustees of the settlement,
 - (e) any body corporate controlled (within the meaning of section 574) by a company within paragraph or ,
 - (f) if the settlement is the principal settlement in relation to one or more sub-fund settlements, a person in the capacity as trustee of such a sub-fund settlement, and
 - (g) if the settlement is a sub-fund settlement in relation to a principal settlement, a person in the capacity as trustee of any other sub-fund settlements in relation to the principal settlement.
- (4) A person who is a partner in a partnership is connected with—
- (a) any partner in the partnership,
 - (b) the spouse or civil partner of any individual who is a partner in the partnership, and
 - (c) a relative of any individual who is a partner in the partnership.

But this subsection does not apply in relation to acquisitions or disposals of assets of the partnership pursuant to genuine commercial arrangements.

- (5) A company is connected with another company if—

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- (a) the same person has control of both companies,
 - (b) a person (“A”) has control of one company and persons connected with A have control of the other company,
 - (c) A has control of one company and A together with persons connected with A have control of the other company, or
 - (d) a group of two or more persons has control of both companies and the groups either consist of the same persons or could be so regarded if (in one or more cases) a member of either group were replaced by a person with whom the member is connected.
- (6) A company is connected with another person (“A”) if—
- (a) A has control of the company, or
 - (b) A together with persons connected with A have control of the company.
- (7) In relation to a company, any two or more persons acting together to secure or exercise control of the company are connected with—
- (a) one another, and
 - (b) any person acting on the directions of any of them to secure or exercise control of the company.

575A Section 575: supplementary

- (1) In section 575 and this section—
- “company” includes any body corporate or unincorporated association, but does not include a partnership (and see also subsection (2)),
 - “control” is to be read in accordance with section 416 of ICTA (except where otherwise indicated),
 - “principal settlement” has the meaning given by paragraph 1 of Schedule 4ZA to TCGA 1992,
 - “relative” means brother, sister, ancestor or lineal descendant,
 - “settlement” has the same meaning as in Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act), and
 - “sub-fund settlement” has the meaning given by paragraph 1 of Schedule 4ZA to TCGA 1992.
- (2) For the purposes of section 575—
- (a) a unit trust scheme is treated as if it were a company, and
 - (b) the rights of the unit holders are treated as if they were shares in the company.
- (3) For the purposes of section 575 “trustee”, in the case of a settlement in relation to which there would be no trustees apart from this subsection, means any person—
- (a) in whom the property comprised in the settlement is for the time being vested, or
 - (b) in whom the management of that property is for the time being vested.

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Section 466(4) of ITA 2007 does not apply for the purposes of this subsection.

(4) If any provision of section 575 provides that a person (“A”) is connected with another person (“B”), it also follows that B is connected with A.”

412 In section 577(1) (other definitions)—

- (a) omit the definition of “tax year”, and
- (b) omit the definition of “the tax year 2001-02”.

413 (1) Amend Schedule 1 (abbreviations and defined expressions) as follows.

(2) In Part 1 in the appropriate place insert—

“ITA 2007

The Income Tax Act 2007.”

(3) In Part 2—

- (a) in the entry for “body of persons”, in the second column, before “section 832(1) of ICTA” insert “ section 989 of ITA 2007 and ”,
- (b) in the entry for “connected persons (general meaning)”, in the second column, for “section 575(1)” substitute “ section 575 ”,
- (c) in the entry for “offshore installation”, in the second column, before “section 837C of ICTA” insert “ sections 1001 and 1002 of ITA 2007 and ”,
- (d) in the entry for “overseas property business”, in the second column, at the end insert “ (as applied by section 989 of ITA 2007) ”,
- (e) in the entry for “research and development”, in the second column, for “437(2) and section 837A of ICTA” substitute “ 437(2) and (3) ”,
- (f) in the entry for “Schedule A business”, in the second column, before “section 832(1) of ICTA” insert “ section 989 of ITA 2007 and ”,
- (g) in the entry for “tax year”, in the second column, for “section 577(1)” substitute “ section 4(2) of ITA 2007 (as applied by section 989 of that Act) ”,
- (h) in the entry for “UK property business”, in the second column, omit “section 832(1) of ICTA and” and at the end insert “ (as applied by section 989 of ITA 2007) ”,
- (i) in the entry for “United Kingdom”, in the second column, for “section 830 of ICTA and section 41 of ITEPA 2003” substitute “ section 1013 of ITA 2007 and section 830(1) of ICTA ”, and
- (j) in the entry for “within the charge to tax”, in the second column, before “section 832(1) of ICTA” insert “ section 1009 of ITA 2007 and ”.

Finance Act 2002 (c. 23)

414 The Finance Act 2002 is amended as follows.

415 Omit section 98.

416 In section 142 (interpretation) at the end insert “, and “ITA 2007” means the Income Tax Act 2007”.

417 In paragraph 19 of Schedule 12 (tax relief for expenditure on research and development) for sub-paragraph (2) substitute—

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“(2) For the purposes of this Schedule whether a person is connected with another is determined in accordance with section 839 of the Taxes Act 1988.”

418 In paragraph 27 of Schedule 13 (tax relief for expenditure on vaccine research etc) for sub-paragraph (2) substitute—

“(2) For the purposes of this Schedule whether a person is connected with another is determined in accordance with section 839 of the Taxes Act 1988.”

^{F43}419

Textual Amendments

F43 Sch. 1 para. 419 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F44}420

Textual Amendments

F44 Sch. 1 para. 420 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

421 In Schedule 25 (loan relationships), omit paragraph 57.

^{F45}422

Textual Amendments

F45 Sch. 1 para. 422 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

423 Omit Schedule 33 (venture capital trusts).

Proceeds of Crime Act 2002 (c. 29)

424 In paragraph 4 of Part 2 of Schedule 10 (tax) to the Proceeds of Crime Act 2002 for the words from “sections 711” to the end substitute “ Chapter 2 of Part 12 of the Income Tax Act 2007, that Part does not apply to the transfer ”.

Income Tax (Earnings and Pensions) Act 2003 (c. 1)

425 The Income Tax (Earnings and Pensions) Act 2003 is amended as follows.

426 In section 1 (overview of contents of Act) omit subsection (2).

427 In section 11(3) (calculation of “net taxable earnings”) for “section 380(1) of ICTA” substitute “ section 128 of ITA 2007 ”.

428 In section 24(6)(a) (limit on chargeable overseas earnings where duties of associated employment performed in UK) for “section 840 of ICTA” substitute “ section 995 of ITA 2007 ”.

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- 429 In section 48(2) (scope of Chapter) for “subject to deduction of tax under section 555 of ICTA (payments to non-resident entertainers and sportsmen)” substitute “or transfers to which section 966(3) or (4) of ITA 2007 applies (visiting performers: duty to deduct and account for sums representing income tax)”.
- 430 In section 69(1) (extended meaning of “control”) for “section 840 of ICTA” substitute “section 995 of ITA 2007”.
- 431 In section 178 (exception for loans where interest qualifies for tax relief)—
- (a) in paragraph (a) for the words from “(general” to “MIRAS)” substitute “or section 383 of ITA 2007 (relief for interest payments)”, and
 - (b) in paragraph (b) for “that section” substitute “section 353 of ICTA”.
- 432 In section 180(5) (threshold for benefit of loan to be treated as earnings)—
- (a) in paragraph (a) for the words from “(general” to “MIRAS)” substitute “or section 383 of ITA 2007 (relief for interest payments)”, and
 - (b) in paragraph (b) for “that section” substitute “section 353 of ICTA”.
- 433 In section 230(5)(a) (the approved amount for mileage allowance payments) for “section 840 of ICTA” substitute “section 995 of ITA 2007”.
- 434 In section 329(6) (deductions from earnings not to exceed earnings) for “section 380 of ICTA” substitute “section 128 of ITA 2007”.
- 435 In section 347(2) (payments made after leaving an employment) for “from total income” substitute “in calculating net income”.
- 436 In section 357(2) after “section 505(1)(e) of ICTA” insert “or section 524 of ITA 2007”.
- 437 After section 404 insert—

“404A Amounts charged to be treated as highest part of total income

- (1) A payment or other benefit which counts as a person's employment income as a result of section 403 is treated as the highest part of the person's total income.
 - (2) Subsection (1) has effect for all income tax purposes except the purposes of sections 535 to 537 of ITTOIA 2005 (gains from contracts for life insurance etc: top slicing relief).
 - (3) See section 1012 of ITA 2007 (relationship between highest part rules) for the relationship between—
 - (a) the rule in subsection (1), and
 - (b) other rules requiring particular income to be treated as the highest part of a person's total income.”
- 438 In section 476 (charge on occurrence of chargeable event) after subsection (5) insert—
- “(5A) An amount charged under subsection (5)(a) is treated for income tax purposes as an amount of income.”
- 439 (1) Amend section 515 (tax advantages and charges relating to SIPs) as follows.
- (2) In subsection (1)—
 - ^{F46}(a)

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- (b) omit paragraph (b) and the “and” immediately after it.
- (3) In subsection (2)—
 - (a) omit the “and” immediately after paragraph (b), and
 - (b) after paragraph (c) insert “, and
 - (d) Chapter 5 of Part 9 of ITA 2007 (which provides for section 479 of that Act not to apply to income of the trustees of an approved SIP in certain circumstances)”.
- (4) Omit subsection (3).

Textual Amendments

F46 Sch. 1 para. 439(2)(a) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

- 440 (1) Amend section 555 (deduction for liabilities related to former employment) as follows.
- (2) In subsection (2)—
- (a) for “when computing the former employee's total income” substitute “ in calculating the former employee's net income ”, and
 - (b) at the end insert “ (see Step 2 of the calculation in section 23 of ITA 2007) ”.
- (3) For subsection (6) substitute—
- “(6) See section 263ZA of TCGA 1992 for relief from capital gains tax where the amount of the deduction allowed under this section exceeds the remaining total income (as defined in that section).”
- (4) In the sidenote for “from total income” substitute “ in calculating net income ”.
- (5) In the italic cross-heading before the section for “from total income” substitute “ in calculating net income ”.
- 441 In section 609(1) after “section 273 of ICTA” insert “ or section 459 of ITA 2007 ”.
- 442 In section 718 (connected persons) for “Section 839 of ICTA” substitute “ Section 993 of ITA 2007 ”.
- 443 In section 719 (control in relation to a body corporate)—
- (a) for “Section 840 of ICTA (meaning of control in relation to a body corporate)” substitute “ Section 995 of ITA 2007 (meaning of “control”) ”, and
 - (b) for the sidenote substitute “ Meaning of “control” ”.
- 444 (1) Amend section 721 (other definitions) as follows.
- (2) In subsection (1)—
- (a) after the definition of “foreign employer” insert “ and ”, and
 - (b) omit the words after the definition of “non-cash voucher”.
- (3) Omit subsection (2).
- 445 In Part 1 of Schedule 1 (abbreviations) in the appropriate place insert—

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“ITA 2007	The Income Tax Act 2007.”
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- 446 (1) Amend Part 2 of Schedule 1 (defined expressions) as follows.
- (2) In the entry for “assignment (in the application of the Act to Scotland)”, in the second column, for “section 721(2)” substitute “ section 1008(1) of ITA 2007 ”.
 - (3) In the entry for “basic rate”, in the second column, for “section 832(1) of ICTA” substitute “ section 6(2) of ITA 2007 (as applied by section 989 of that Act) ”.
 - (4) In the entry for “body of persons”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
 - (5) In the entry for “capital allowance”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
 - (6) In the entry for “child, children”, in the second column, omit “section 832(5) of ICTA, and see”.
 - (7) In the entry for “close company”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
 - (8) In the entry for “company”, in the second column, for “section 832(1) of ICTA” substitute “ section 992 of ITA 2007 ”.
 - (9) In the entry for “connected”, in the second column, for “section 839 of ICTA” substitute “ section 993 of ITA 2007 ”.
 - (10) In the entry for “control”, in the second column, for “section 840 of ICTA” substitute “ section 995 of ITA 2007 ”.
 - (11) In the entry for “distribution”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
 - (12) In the entry for “generally accepted accounting practice”, in the second column, for “section 832(1) of ICTA” substitute “ section 997 of ITA 2007 ”.
 - (13) Omit the entry for “interest”.
 - (14) In the entry for “local authority”, in the second column, for “section 842A of ICTA” substitute “ section 999 of ITA 2007 ”.
 - (15) After the entry for “national insurance contributions” insert—
-
- | | |
|-------------|---|
| “net income | section 23 of ITA 2007 (as applied by section 989 of that Act)” |
|-------------|---|
-
- (16) In the entry for “the normal self-assessment filing date”, in the second column, for “section 721(1)” substitute “ section 989 of ITA 2007 ”.
 - (17) In the entry for “notice”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
 - (18) In the entry for “offshore installation”, in the second column, for “section 837C of ICTA” substitute “ sections 1001 and 1002 of ITA 2007 ”.

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- (19) In the entry for “ordinary share capital”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (20) In the entry for “personal representatives”, in the second column, for “section 721(1)” substitute “ section 989 of ITA 2007 ”.
- (21) In the entry for “recognised stock exchange”, in the second column, for “section 841 of ICTA” substitute “ section 1005 of ITA 2007 ”.
- (22) In the entry for “registered pension scheme”, in the second column, for “section 832(1) of ICTA” substitute “ section 150(2) of FA 2004 (as applied by section 989 of ITA 2007) ”.
- (23) In the entry for “Schedule A business”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (24) In the entry for “stepchild”, in the second column, for “section 832(1) of ICTA” substitute “ section 246 of the Civil Partnership Act 2004 (as applied by section 989 of ITA 2007) ”.
- (25) In the entry for “51% subsidiary”, in the second column, for “section 838(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (26) In the entry for “tax”, in the second column, at the end insert “ (as applied by section 989 of ITA 2007) ”.
- ^{F47}(27)
- (28) In the entry for “tax year”, in the second column, for “section 721(1)” substitute “ section 4(2) of ITA 2007 (as applied by section 989 of that Act) ”.
- (29) In the entry for “the tax year 2003-04 etc”, in the second column, for “section 721(1)” substitute “ section 4(4) of ITA 2007 (as applied by section 989 of that Act) ”.
- (30) In the entry for “total income” for “section 835 of ICTA” substitute “ section 23 of ITA 2007 (as applied by section 989 of that Act) ”.
- (31) In the entry for “trade”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (32) In the entry for “United Kingdom”, in the second column, for “section 830 of ICTA” substitute “ section 1013 of ITA 2007 ”.
- (33) In the entry for “UK property business”, in the second column, omit “section 832(1) of ICTA and” and at the end insert “ (as applied by section 989 of ITA 2007) ”.

Textual Amendments

F47 [Sch. 1 para. 446\(27\)](#) 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\(18\)](#)

- 447 (1) Amend Schedule 2 (approved share incentive plans) as follows.
- (2) In paragraph 49(3)—
- (a) in paragraph (a) for “section 840A(1)(b) of ICTA” substitute “ section 991(2) (b) of ITA 2007 ”, and

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- (b) in paragraph (c) for “section 840A(1)(c) of ICTA” substitute “ section 991(2) (c) of ITA 2007 ”.

(3) In paragraph 100—

- (a) in the entry for “building society”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (b) in the entry for “child”, in the second column, for “section 832(5) of ICTA (and see section 721(6))” substitute “ section 721(6) ”,
- (c) in the entry for “close company”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (d) in the entry for “distribution”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (e) in the entry for “notice”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (f) in the entry for “ordinary share capital”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (g) in the entry for “personal representatives”, in the second column, for “section 721(1)” substitute “ section 989 of ITA 2007 ”,
- (h) in the entry for “recognised stock exchange”, in the second column, for “section 841 of ICTA” substitute “ section 1005 of ITA 2007 ”,
- (i) in the entry for “tax”, in the second column, at the end insert “ (as applied by section 989 of ITA 2007) ”, and
- (j) in the entry for “tax year”, in the second column, for “section 721(1)” substitute “ section 4(2) of ITA 2007 (as applied by section 989 of that Act) ”.

448 In paragraph 49 of Schedule 3 (approved SAYE Option Schemes)—

- (a) in the entry for “child”, in the second column, for “section 832(5) of ICTA (and see section 721(6) of this Act)” substitute “ section 721(6) ”,
- (b) in the entry for “close company”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (c) in the entry for “distribution”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (d) omit the entry for “interest”,
- (e) in the entry for “notice”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (f) in the entry for “ordinary share capital”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (g) in the entry for “personal representatives”, in the second column, for “section 721(1)” substitute “ section 989 of ITA 2007 ”,
- (h) in the entry for “recognised stock exchange”, in the second column, for “section 841 of ICTA” substitute “ section 1005 of ITA 2007 ”,
- (i) in the entry for “tax”, in the second column, at the end insert “ (as applied by section 989 of ITA 2007) ”, and
- (j) omit the entry for “United Kingdom”.

449 In paragraph 37 of Schedule 4 (approved CSOP Schemes)—

- (a) in the entry for “child”, in the second column, for “section 832(5) of ICTA (and see section 721(6) of this Act)” substitute “ section 721(6) ”,
- (b) in the entry for “close company”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,

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- (c) in the entry for “distribution”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (d) in the entry for “notice”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (e) in the entry for “ordinary share capital”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (f) in the entry for “personal representatives”, in the second column, for “section 721(1)” substitute “ section 989 of ITA 2007 ”,
- (g) in the entry for “recognised stock exchange”, in the second column, for “section 841 of ICTA” substitute “ section 1005 of ITA 2007 ”, and
- (h) omit the entry for “United Kingdom”.

450 (1) Amend Schedule 5 (enterprise management incentives) as follows.

- (2) In paragraph 11(10) (meaning of “qualifying subsidiary”)—
 - (a) for “section 312(2A) of ICTA” substitute “ section 252 of ITA 2007 ”, and
 - (b) for “Chapter 3 of Part 7 of ICTA” substitute “ Part 5 of ITA 2007 ”.
- (3) In paragraph 58, in the definition of “research and development”, for “section 837A of ICTA” substitute “ section 1006 of ITA 2007 ”.
- (4) In paragraph 59—
 - (a) in the entry for “child”, in the second column, for “section 832(5) of ICTA (and see section 721(6) of this Act)” substitute “ section 721(6) ”,
 - (b) in the entry for “close company”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
 - (c) in the entry for “distribution”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
 - (d) in the entry for “farming”, in the second column, for “section 832(1) of ICTA” substitute “ section 996 of ITA 2007 ”,
 - (e) in the entry for “generally accepted accounting practice”, in the second column, for “section 50(1) of the Finance Act 2004” substitute “ section 997 of ITA 2007 ”,
 - (f) in the entry for “notice”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
 - (g) in the entry for “offshore installation”, in the second column, for “section 837C of ICTA” substitute “ sections 1001 and 1002 of ITA 2007 ”,
 - (h) in the entry for “ordinary share capital”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
 - (i) in the entry for “personal representatives”, in the second column, for “section 721(1)” substitute “ section 989 of ITA 2007 ”,
 - (j) in the entry for “51% subsidiary”, in the second column, for “section 838(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
 - (k) in the entry for “tax”, in the second column, at the end insert “ (as applied by section 989 of ITA 2007) ”,
 - (l) in the entry for “tax year”, in the second column, for “section 721(1)” substitute “ section 4(2) of ITA 2007 (as applied by section 989 of that Act) ”,
 - (m) in the entry for “trade”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”, and
 - (n) in the entry for “United Kingdom”, in the second column, for “section 830 of ICTA” substitute “ section 1013 of ITA 2007 ”.

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Finance Act 2003 (c. 14)

- 451 The Finance Act 2003 is amended as follows.
- 452 Omit section 151 (non-resident companies: extent of charge to income tax).
- ^{F48}453

Textual Amendments

F48 Sch. 1 para. 453 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

- 454 In section 153(2)(a) (general replacement of references to branch or agency of company) for “paragraphs 3 and 4” substitute “ paragraph 4 ”.
- 455 In paragraph 1(2) of Schedule 26 (non-resident companies: transactions through broker, investment manager or Lloyd's agent) omit paragraph (b) and the word “and” before it.

Finance Act 2004 (c. 12)

- 456 The Finance Act 2004 is amended as follows.
- 457 In section 50 (generally accepted accounting practice) for “the Tax Acts” wherever occurring substitute “ the Corporation Tax Acts ”.
- ^{F49}458

Textual Amendments

F49 Sch. 1 para. 458 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

- 459 In section 59 (construction industry scheme: contractors) after subsection (7) insert—
- “(8) This section is subject to section 73A (designated international organisations: exemption from section 59).”
- 460 In section 65 (change in control of company registered for gross payment) for subsection (3) substitute—
- “(3) In this section references to a change in the control of a company are references to such a change determined in accordance with section 995 of the Income Tax Act 2007.”
- 461 After section 73 (regulations under this Chapter: supplementary) insert—
- “73A Designated international organisations: exemption from section 59**
- (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) Section 59 does not apply to an organisation which is so designated.”
- 462 (1) Amend section 83 (giving through the self-assessment return) as follows.

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(2) Omit subsections (1) to (3).

^{F50}(3)

Textual Amendments

F50 Sch. 1 para. 462(3) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 3 Pt. 1 (with Sch. 2)

- 463 Omit sections 101 (payment of royalties without deduction at source) and 102 (claim for tax deducted at source from exempt interest or royalty payments).
- 464 Omit sections 119 to 123 (individuals benefited by film relief).
- 465 Omit sections 126 to 130 (individuals in partnership: exit charge).
- 466 In section 155(6)(a) and (b) (persons by whom scheme may be established: supplementary) for “section 840A(1)(b) of ICTA” substitute “ section 991(2)(b) of ITA 2007 ”.
- 467 In section 161 (meaning of “payment” etc) for subsection (8) substitute—
“(8) For the purposes of this section whether a person is connected with another person is determined in accordance with section 993 of ITA 2007.”
- 468 (1) Amend section 162 (meaning of “loan”) as follows.
(2) In subsection (2)(a) for “section 841 of ICTA” substitute “ section 1005 of ITA 2007 ”.
(3) For subsection (6) substitute—
“(6) For the purposes of this section whether a person is connected with another person is determined in accordance with section 993 of ITA 2007.”
- 469 In section 172A (surrender) for subsection (11) substitute—
“(11) For the purposes of this section whether a person is connected with another person is determined in accordance with section 993 of ITA 2007.”
- 470 In section 172B (increase in rights of connected person on death) for subsection (9) substitute—
“(9) For the purposes of this section whether a person is connected with another person is determined in accordance with section 993 of ITA 2007.”
- 471 In section 172C (allocation of unallocated employer contributions) for subsection (7) substitute—
“(7) For the purposes of this section whether a person is connected with another person is determined in accordance with section 993 of ITA 2007.”
- 472 In section 172D (limit on increase in benefits) for subsection (6) substitute—
“(6) For the purposes of this section whether a person is connected with another person is determined in accordance with section 993 of ITA 2007.”
- 473 (1) Amend section 189 (relevant UK individual) as follows.
(2) In subsection (2)—

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- (a) omit the “and” immediately after paragraph (b),
 - (b) after paragraph (b) insert—
 - “(ba) income which is chargeable under Part 3 of ITTOIA 2005 and is immediately derived from the carrying on of a UK furnished holiday lettings business (whether individually or as a partner acting personally in a partnership), and”, and
 - (c) for paragraph (c) substitute—
 - “(c) income to which subsection (2A) applies.”
- (3) After subsection (2) insert—
- “(2A) This subsection applies to income if—
 - (a) it is patent income, and
 - (b) the individual, alone or jointly, devised the invention for which the patent in question was granted.”
- (4) After subsection (4) insert—
- “(5) “UK furnished holiday lettings business” means a UK property business so far as consisting of the commercial letting of furnished holiday accommodation (within the meaning of Chapter 6 of Part 3 of ITTOIA 2005).
 - (6) If there is a letting of accommodation only part of which is holiday accommodation, just and reasonable apportionments are to be made for the purpose of determining what is comprised in a UK furnished holiday lettings business.
 - (7) “Patent income” means—
 - (a) royalties or other sums paid in respect of the use of a patent charged to tax under section 579 of ITTOIA 2005,
 - (b) amounts on which tax is payable under section 587 or 593 of ITTOIA 2005, or
 - (c) amounts on which tax is payable under—
 - (i) section 472(5) of the Capital Allowances Act, or
 - (ii) paragraph 100 of Schedule 3 to that Act.”
- 474 In section 192 (relief at source) omit subsection (5).
- 475 In section 193(6) (relief under net pay arrangements)—
- (a) for “from the total income” substitute “in calculating the net income”, and
 - (b) at the end insert “(see Step 2 of the calculation in section 23 of ITA 2007)”.
- 476 In section 194(1) (relief on making of claim)—
- (a) for “from the total income” substitute “in calculating the net income”, and
 - (b) at the end insert “(see Step 2 of the calculation in section 23 of ITA 2007)”.
- 477 In section 266A (member's liability) for subsection (7) substitute—
- “(7) For the purposes of this section whether a person is connected with another person is determined in accordance with section 993 of ITA 2007.”
- 478 In section 273 (members liable as scheme administrator) for subsection (11) substitute—

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“(11) For the purposes of this section whether a person is connected with another person is determined in accordance with section 993 of ITA 2007.”

479 In section 278 (market value) for subsection (4) substitute—

“(4) For the purposes of this section whether a person is connected with another person is determined in accordance with section 993 of ITA 2007.”

480 (1) Amend section 279 (other definitions) as follows.

(2) In subsection (1)—

- (a) omit the definition of “charity”,
- (b) after the definitions of “pension credit” and “pension debit” insert “ and ”, and
- (c) omit the words after the definition of “pension sharing order or provision”.

(3) After that subsection insert—

“(1A) In this Part, so far as it forms part of the Corporation Tax Acts, expressions which are defined for the purposes of the Income Tax Acts are to be given the same meaning as they have in the Income Tax Acts.”

481 (1) Amend section 280 (abbreviations and general index) as follows.

(2) In subsection (1) omit the “and” immediately before the definition of “ITTOIA 2005” and after that definition insert “, and

“ITA 2007” means the Income Tax Act 2007.”

(3) In subsection (2)—

- (a) in the entry for “basic rate”, in the second column, for “section 832(1) of ICTA” substitute “ section 6(2) of ITA 2007 (as applied by section 989 of that Act) ”,
- (b) in the entry for “basic rate limit”, in the second column, for “section 832(1) of ICTA” substitute “ section 20(2) of ITA 2007 (as applied by section 989 of that Act) ”,
- (c) in the entry for “chargeable gain”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,
- (d) in the entry for “charity”, in the second column, for “section 279(1)” substitute “ section 989 of ITA 2007 ”,
- (e) in the entry for “company”, in the second column, for “section 832(1) of ICTA” substitute “ section 992 of ITA 2007 ”,
- (f) in the entry for “higher rate”, in the second column, for “section 832(1) of ICTA” substitute “ section 6(2) of ITA 2007 (as applied by section 989 of that Act) ”,
- (g) after the entry for “money purchase benefits” insert—

“net income	section 23 of ITA 2007 (as applied by section 989 of that Act),”
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(h) in the entry for “period of account”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”,

(i) in the entry for “personal representatives”, in the second column, for “section 279(1)” substitute “ section 989 of ITA 2007 ”,

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- (j) in the entry for “property investment LLP”, in the second column, for “section 842B of ICTA” substitute “ section 1004 of ITA 2007 ”,
 - (k) in the entry for “retail prices index”, in the second column, for “section 279(1)” substitute “ section 989 of ITA 2007 ”,
 - (l) in the entry for “tax year”, in the second column, for “section 279(1)” substitute “ section 4(2) of ITA 2007 (as applied by section 989 of that Act) ”,
 - (m) in the entry for “the tax year 2006-07 etc”, in the second column, for “section 279(1)” substitute “ section 4(4) of ITA 2007 (as applied by section 989 of that Act) ”, and
 - (n) in the entry for “total income” for “section 835 of ICTA” substitute “ section 23 of ITA 2007 (as applied by section 989 of that Act) ”.
- 482 (1) Amend Schedule 15 (charge to income tax on benefits received by former owner of property) as follows.
- (2) For paragraph 2 substitute—
- “2 (1) For the purposes of this Schedule whether a person is connected with another person is determined in accordance with section 993 of the Income Tax Act 2007.
- (2) But for those purposes sections 993 and 994 of that Act are to be read as if in those sections—
- (a) “relative” included uncle, aunt, nephew and niece, and
 - (b) “settlement”, “settlor” and “trustee” had the same meanings as in IHTA 1984.”
- (3) In paragraph 9(1) for paragraph (c) substitute—
- “(c) sections 720 to 730 of the Income Tax Act 2007,”.
- 483 In paragraph 4 of Schedule 27 (meaning of “offshore installation”) for “sections 573 and 574” substitute “ section 573 ”.
- 484 In paragraph 4 of Schedule 29A (investment-regulated pension schemes) for sub-paragraph (2) substitute—
- “(2) For the purposes of sub-paragraph (1) whether a person is connected with another person is determined in accordance with section 993 of ITA 2007.”
- 485 In paragraph 11D of Schedule 36 (transitional provisions) for sub-paragraph (5) substitute—
- “(5) For the purposes of this paragraph whether a person is connected with another person is determined in accordance with section 993 of ITA 2007.”

Pensions Act 2004 (c. 35)

- 486 The Pensions Act 2004 is amended as follows.
- 487 In Schedule 3 (restricted information held by the Regulator: certain permitted disclosures to facilitate exercise of functions), in the entry relating to the Commissioners of Inland Revenue or their officers—
- (a) omit the “or” immediately after paragraph (f), and
 - (b) in the second column after paragraph (g) insert “or—

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- (h) the Income Tax Act 2007 (so far as relating to functions previously exercised under the Income and Corporation Taxes Act 1988).”

488 In Schedule 8 (restricted information held by the Board: certain permitted disclosures to facilitate exercise of functions), in the entry relating to the Commissioners of Inland Revenue or their officers—

- (a) omit the “or” immediately after paragraph (e), and
 (b) in the second column after paragraph (f) insert “or—
 (g) the Income Tax Act 2007 (so far as relating to functions previously exercised under the Income and Corporation Taxes Act 1988).”

Constitutional Reform Act 2005 (c. 4)

489 The Constitutional Reform Act 2005 is amended as follows.

490 In paragraph 4 of Schedule 7 (protected functions of the Lord Chancellor) at the end of Part A (general) insert—

“Income Tax Act 2007
Section 704(1)”.

491 In the table in Part 3 of Schedule 14 (appointments by the Lord Chancellor: offices to which paragraph 2(2)(d) of Schedule 12 to the Act applies) at the end add—

“Chairman of section 704 tribunal	Section 704(1) of the Income Tax Act 2007
Member of section 704 tribunal	”

Income Tax (Trading and Other Income) Act 2005 (c. 5)

492 The Income Tax (Trading and Other Income) Act 2005 is amended as follows.

493 In section 1 (overview of Act) omit subsection (2).

494 In section 12(3) (profits of mines etc) for “Chapter 1 of Part 10 of ICTA” substitute “Part 4 of ITA 2007”.

495 (1) Amend section 13 (visiting performers) as follows.

(2) In subsection (8) omit the definitions of “payment” and “transfer”.

(3) After that subsection insert—

“(9) In this section and section 14—

- (a) references to a payment include references to a payment by way of loan of money, and
 (b) references to a transfer do not include references to a transfer of money but, subject to that, include references to—
 (i) a temporary transfer (as by way of loan), and
 (ii) a transfer of a right (whether or not a right to receive money).

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- (10) This section does not apply to payments or transfers of a kind prescribed in regulations under section 966(6) of ITA 2007.”
- 496 In section 17(3) (effect of becoming or ceasing to be a UK resident) for “set off under section 385 of ICTA against” substitute “deducted under section 83 of ITA 2007 from”.
- 497 Omit section 51 (patent royalties).
- 498 (1) Amend section 52 (exclusion of double relief for interest) as follows.
- (2) In subsections (1), (5) and (6) for “section 353 of ICTA” substitute “section 383 of ITA 2007”.
- (3) In subsection (6) for “section 368(3) of ICTA” substitute “section 387(2) and (3) of that Act”.
- 499 In section 87(5) (expenses of research and development) for “section 837A of ICTA” substitute “section 1006 of ITA 2007”.
- 500 In section 108(4) (gifts of trading stock etc to charities) omit paragraphs (c) and (d).
- 501 In section 179(a) (connected persons) for “section 839 of ICTA” substitute “section 993 of ITA 2007”.
- 502 (1) Amend section 232 (treatment of trading adjustment income) as follows.
- (2) In subsection (3) for “Chapter 1 of Part 10 of ICTA” substitute “Part 4 of ITA 2007”.
- (3) In subsection (4) for the words from “the trade” to the end substitute “the trade is relevant UK earnings within section 189(2)(b) of FA 2004, adjustment income is similarly relevant UK earnings.”
- 503 In section 248(3) (debts paid after cessation)—
- (a) for “section 109A(4) or (4A) of ICTA” substitute “section 96 of ITA 2007”, and
- (b) after “expenditure” insert “as a result of subsection (1)(b) of that section”.
- 504 (1) Amend section 250 (receipts relating to post-cessation expenditure) as follows.
- (2) In subsection (1) for “section 109A of ICTA” substitute “section 96 of ITA 2007”.
- (3) In subsection (2)—
- (a) in paragraph (a) for “section 109A(2)(a) or (b) of ICTA” substitute “section 97(2) or (3) of ITA 2007”,
- (b) in paragraph (b) for “section 109A(2)(c) of ICTA” substitute “section 97(4) of ITA 2007”, and
- (c) in paragraph (c) for “section 109A(2)(d) of ICTA” substitute “section 97(5) of ITA 2007”.
- 505 In section 254(3)(b) (allowable deductions) for “section 90(4) of FA 1995” substitute “section 261D of TCGA 1992”.
- 506 (1) Amend section 256 (treatment of post-cessation receipts) as follows.
- (2) In subsection (1)(b) omit “earned income within section 833(4)(c) of ICTA or”.
- (3) In subsection (2) omit “earned income or”.

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- 507 In section 272(2) (profits of a property business: application of trading income rules), omit the entry in the table relating to section 51.
- 508 In section 322(2) (commercial letting of furnished holiday accommodation)—
- (a) omit paragraphs (b) and (c), and
 - (b) for paragraph (f) and the “and” immediately before that paragraph substitute—
 - “(f) section 189(2)(ba) of FA 2004 (meaning of “relevant UK earnings” for pension purposes),
 - (g) Part 4 of ITA 2007 (loss relief: see section 127 of that Act), and
 - (h) section 836(3) of ITA 2007 (jointly held property: see exception D).”
- 509 In section 327(2)(b) (capital allowances and loss relief) for “Chapter 1 of Part 10 of ICTA” substitute “ Part 4 of ITA 2007 ”.
- 510 (1) Amend section 328 (earned income and relevant UK earnings for pension purposes) as follows.
- (2) In subsection (2) for “treated as” to the end substitute “ relevant UK earnings within section 189(2)(ba) of FA 2004. ”
 - (3) In the sidenote omit “Earned income and”.
- 511 In section 333(3) (treatment of property business adjustment income) for “Chapter 1 of Part 10 of ICTA” substitute “ Part 4 of ITA 2007 ”.
- 512 In section 354(2) (other rules about what counts as a “post-cessation receipt”)—
- (a) after “section 248 (debts paid after cessation)” insert “ (reading the reference in subsection (3) to section 96 of ITA 2007 as a reference to section 125 of that Act) ”, and
 - (b) after “section 250 (receipts relating to post-cessation expenditure)” insert “ (reading the reference in subsection (1) to section 96 of ITA 2007 as a reference to section 125 of that Act) ”.
- 513 In section 369(4) (charge to tax on interest) for the words from “sections 714(5)” to the end substitute “ Chapter 3 of Part 12 of ITA 2007 (exemption for interest on securities to which Chapter 2 of that Part applies) ”.
- 514 In section 372(2) (building society dividends) for the words from “has” to the end substitute “ includes any distribution (whether or not described as a dividend) ”.
- 515 (1) Amend section 397 (tax credits for qualifying distributions: UK residents and eligible non-UK residents) as follows.
- (2) In subsection (2) omit paragraph (b) and the “or” immediately before it.
 - ^{F51}(3)
 - (4) In subsection (6) for the words from “section 231AA” to “umbrella scheme),” substitute—
 - “section 504(4) of ITA 2007 (disapplication of certain provisions for income of unauthorised unit trusts),
 - section 592 of ITA 2007 (no tax credits for borrower under stock lending arrangement),

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section 593 of ITA 2007 (no tax credits for interim holder under repo),
section 594 of ITA 2007 (no tax credits for original owner under repo),”.

Textual Amendments

F51 Sch. 1 para. 515(3) 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(18)**

^{F52}516

Textual Amendments

F52 Sch. 1 para. 516 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(18)**

517 (1) Amend section 400 (non-qualifying distributions) as follows.

^{F53}(2)

(3) After subsection (6) insert—

“(7) Subsection (2) is subject to section 504(4) of ITA 2007 (disapplication of certain provisions for income of unauthorised unit trusts).”

Textual Amendments

F53 Sch. 1 para. 517(2) 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(18)**

518 In section 401 (relief: qualifying distribution after linked non-qualifying distribution) after subsection (6) insert—

“(6A) The reduction under this section is given effect at Step 6 of the calculation in section 23 of ITA 2007.”

519 In section 410(3)(b) (stock dividend income arising to trustees) for the words from “income” to the end substitute “accumulated or discretionary income (as defined in section 480 of ITA 2007 but excluding income arising under a trust established for charitable purposes only or an unauthorised unit trust in relation to which section 504 of that Act applies)”.

^{F54}520

Textual Amendments

F54 Sch. 1 para. 520 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(18)**

521 In section 418(5) (loans to participator in close company: relief where borrowers liable as settlors) for “rate applicable to trusts” substitute “trust rate”.

^{F55}522

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Textual Amendments

F55 Sch. 1 para. 522 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(18)

- 523 (1) Amend section 426 (annuity payments received after deduction of tax) as follows.
- (2) For “Income tax deducted under either of the following sections” substitute “ In accordance with section 848 of ITA 2007 a sum representing income tax deducted under section 901 of that Act ”.
- (3) Omit the words after “recipient”.
- 524 In section 446 (strips of government securities: relief for losses) for subsection (2) substitute—
- “(2) If a person makes a claim under this section, the relief is given by deducting the loss in calculating the person's net income for the tax year in which the disposal occurs (see Step 2 of the calculation in section 23 of ITA 2007).”
- 525 In section 454 (listed securities held since 26th March 2003: relief for losses) for subsection (4) substitute—
- “(4) If a claim under this section is made by a person other than a trustee, the relief is given by deducting the loss in calculating the person's net income for the tax year in which the disposal occurs (see Step 2 of the calculation in section 23 of ITA 2007).”
- 526 (1) Amend section 457 (disposal of deeply discounted securities by trustees) as follows.
- (2) Omit subsection (3).
- (3) For subsection (5) substitute—
- “(5) If the trustees are trustees of a scheme in relation to which section 504 of ITA 2007 applies, subsection (2) does not apply to profits which are shown in the scheme's accounts as income available for payment to unit holders or for investment.”
- 527 In section 459(2) (profits from deeply discounted securities: transfer of assets abroad) for “sections 739 and 740 of ICTA (transfer of assets abroad) have” substitute “ Chapter 2 of Part 13 of ITA 2007 (transfer of assets abroad) has ”.
- 528 In section 460(2) (profits from deeply discounted securities: minor definitions) for “section 709(1)” substitute “ section 840ZA ”.
- 529 After section 465 insert—

“465A Amounts for which individuals liable to be treated as highest part of total income

- (1) This section applies if—
- (a) an individual is liable for tax under this Chapter in respect of an amount, and
 - (b) the individual is treated by section 530 as having paid income tax at the savings rate on the amount.

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- (2) The amount is treated as the highest part of the individual's total income.
- (3) Subsection (2) has effect for all income tax purposes except the purposes of sections 535 to 537 (gains from contracts for life insurance etc: top slicing relief).
- (4) See section 1012 of ITA 2007 (relationship between highest part rules) for the relationship between—
 - (a) the rule in subsection (2), and
 - (b) other rules requiring particular income to be treated as the highest part of a person's total income.”

F56 530

Textual Amendments

F56 Sch. 1 para. 530 omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 35](#)

- 531 (1) Amend section 467 (liability of trustees for tax on gains from contracts for life insurance etc) as follows.
 - (2) After subsection (1) insert—

“(1A) If trustees are liable for tax under this Chapter, the gain is treated for income tax purposes as income of the trustees.”
 - (3) For subsection (7) substitute—

“(7) If trustees are liable for tax under this Chapter, it is charged at the savings rate if—
 - (a) condition A is met, or
 - (b) condition D is met and the trustees are trustees of a charitable trust.”
- 532 In section 468 (gains from contracts for life insurance etc: non-UK resident trustees and foreign institutions)—
 - (a) in subsection (2) for “Sections 739 and 740”, “prevent” and “apply” substitute “ Chapter 2 of Part 13 of ITA 2007 ”, “prevents” and “applies” respectively, and
 - (b) in subsections (3) and (4) for “sections 739 and 740 apply” substitute “ Chapter 2 of Part 13 of ITA 2007 applies ”.
- 533 In section 482 (excepted group life policies: conditions about persons intended to benefit)—
 - (a) in subsection (6) omit the definition of “tax advantage”, and
 - (b) after that subsection insert—

“(7) In this section “tax advantage” has the meaning given by section 840ZA of ICTA.”
- 534 In section 520(4) (the property categories) after the definition of “internal linked fund” insert—

““investment trust” has the meaning given by section 842 of ICTA.”.

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535 (1) Amend section 530 (income tax treated as paid) as follows.

^{F57}(2)

(3) In subsection (4) after “fall to be made” insert “ at Step 2 or 3 of the calculation in section 23 of ITA 2007 (calculation of income tax liability) ”.

Textual Amendments
F57 Sch. 1 para. 535(2) omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 35](#)

536 (1) Amend section 535 (top slicing relief) as follows.

(2) After subsection (2) insert—

“(2A) If the relief is given by a reduction in income tax, it is given effect at Step 6 of the calculation in section 23 of ITA 2007.”

^{F58}(3)

(4) After subsection (6) insert—

“(7) For the purposes of the calculations mentioned in subsection (1) any relief under Chapter 2 or 3 of Part 8 of ITA 2007 (which relate to gift aid and other gifts to charities) is ignored.”

Textual Amendments
F58 Sch. 1 para. 536(3) omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 35](#)

^{F59}537

Textual Amendments
F59 Sch. 1 para. 537 omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 35](#)

^{F60}538

Textual Amendments
F60 Sch. 1 para. 538 omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 35](#)

539 For section 539 (relief for deficiencies) substitute—

“539 Relief for deficiencies

(1) An individual is entitled to a tax reduction for a tax year in which a deficiency arises from a policy or contract on a chargeable event if—

(a) the condition in subsection (2) is met,

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- (b) the individual would (apart from this section) be liable to income tax at the higher rate or the dividend upper rate (or both) for the tax year, and
 - (c) the individual makes a claim.
- (2) The condition is that, if a gain had arisen instead on the chargeable event—
 - (a) the individual would have been liable to income tax on the gain for the year, or
 - (b) the individual would have been so liable apart from the requirement in section 465(1) that the individual must be UK resident in the tax year in which the gain arises.
- (3) The tax reduction is given effect at Step 6 of the calculation in section 23 of ITA 2007.
- (4) See section 540 for the cases in which a deficiency is treated as arising from a policy or contract on a chargeable event, section 541 for how the deficiency is calculated and section 469(5) for the apportionment of deficiencies in cases where two or more persons are interested in a policy or contract.
- (5) The amount of the tax reduction is calculated as follows.

Step 1

Attribute to the amount of the deficiency an amount of the individual's income for the tax year which is liable at the dividend upper rate, so far as is possible.

Step 2

If there is an amount of the deficiency remaining after Step 1, attribute to the remaining amount of the deficiency an amount of the individual's savings income for the tax year which is liable at the higher rate, so far as is possible.

Step 3

If there is an amount of the deficiency remaining after Step 2, attribute to the remaining amount of the deficiency an amount of the individual's other income for the tax year which is liable at the higher rate, so far as is possible.

Step 4

Calculate the amount of the individual's preliminary income tax liability for the tax year (see subsection (6)).

Step 5

Calculate the amount of the individual's preliminary income tax liability for the tax year again, on these assumptions—

Assume that any income attributed to the deficiency at Step 1 is liable at the dividend ordinary rate.

Assume that any income attributed to the deficiency at Step 2 is liable at the savings rate.

Assume that any income attributed to the deficiency at Step 3 is liable at the basic rate.

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Step 6

Deduct the amount found at Step 5 from the amount found at Step 4.

The result is the amount of the tax reduction.

(6) The individual's preliminary income tax liability is the amount found by calculating the individual's income tax liability in accordance with section 23 of ITA 2007, ignoring Steps 6 and 7 of that calculation.”

540 In section 546(4) (table of provisions subject to special rules for older policies and contracts), in the first column of the table, for “Section 539(3)” substitute “Section 539”.

F61 541

Textual Amendments

F61 Sch. 1 paras. 541, 542 omitted (6.4.2014) by virtue of [The Unauthorised Unit Trusts \(Tax\) Regulations 2013 \(S.I. 2013/2819\)](#), regs. 1(3), **41(a)** (with reg. 32)

F61 542

Textual Amendments

F61 Sch. 1 paras. 541, 542 omitted (6.4.2014) by virtue of [The Unauthorised Unit Trusts \(Tax\) Regulations 2013 \(S.I. 2013/2819\)](#), regs. 1(3), **41(a)** (with reg. 32)

F62 543

Textual Amendments

F62 Sch. 1 para. 543 omitted (with effect in accordance with Sch. 12 para. 18(1) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 12 para. 15(3)**

F63 544

Textual Amendments

F63 Sch. 1 para. 544 omitted (with effect in accordance with Sch. 12 para. 18(1) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 12 para. 15(3)**

F64 545

Textual Amendments

F64 Sch. 1 para. 545 omitted (with effect in accordance with Sch. 25 para. 10 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), **Sch. 25 para. 9(3)(h)(ii)**

546 (1) Amend section 595 (deduction of tax from payments to non-UK residents) as follows.

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- (2) In subsection (2) for the words after “which” substitute “ is to be deducted under section 910 of ITA 2007 ”.
- (3) In subsection (3) for the words after “which” substitute “is to be deducted under section 910 of ITA 2007”.
- 547 In section 601 (how relief for patent expenses is given) after subsection (2) insert—
- “(2A) The deduction or set-off is given effect at Step 2 of the calculation in section 23 of ITA 2007.”
- 548 (1) Amend section 602 (payments received after deduction of tax) as follows.
- (2) For “Income tax deducted under either of the following sections” substitute “ In accordance with section 848 of ITA 2007, a sum representing income tax deducted under either of the following Chapters ”.
- (3) For the words after “recipient” substitute “—
- Chapter 6 of Part 15 of ITA 2007 (deduction from annual payments and patent royalties), and
- Chapter 7 of that Part (deduction from other payments connected with intellectual property).”
- 549 (1) Amend section 618 (payments received after deduction of tax) as follows.
- (2) For “Income tax deducted under either of the following sections” substitute “ In accordance with section 848 of ITA 2007, a sum representing income tax deducted under Chapter 6 of Part 15 of that Act ”.
- (3) Omit the words after “recipient”.
- 550 In section 619(2) (charge to tax on settlor)—
- (a) for “sections 1 to 1B of ICTA” substitute “ Chapter 2 of Part 2 of ITA 2007 (rates at which income tax is charged) ”, and
- (b) for “Tax Acts” substitute “ Income Tax Acts ”.
- 551 After section 619 insert—

“619A Income treated as highest part of settlor's total income

- (1) This section applies to income which is treated as income of a settlor as a result of section 624 (income where settlor retains an interest) or 629 (income paid to unmarried minor children of settlor).
- (2) The income is treated as the highest part of the settlor's total income for the purposes of section 619 (so far as it relates to the income).
- (3) See section 1012 of ITA 2007 (relationship between highest part rules) for the relationship between—
- (a) the rule in subsection (2), and
- (b) other rules requiring particular income to be treated as the highest part of a person's total income.”
- 552 In section 620(5) (which contains various definitions) in the definition of “charity” for the words from “each” to the end substitute—
- “(a) the Trustees of the National Heritage Memorial Fund,

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- (b) the Historic Buildings and Monuments Commission for England, and
- (c) the National Endowment for Science, Technology and the Arts”.
- 553 In section 624 (income where settlor retains an interest in the settlement) after subsection (1) insert—
- “(1A) If the settlement is a trust, expenses of the trustees are not to be used to reduce the income of the settlor.”
- 554 In section 627(2) (income where settlor retains an interest: exceptions), in paragraph (b), for “section 25 of FA 1990 (donations to charity by individuals)” substitute “ Chapter 2 of Part 8 of ITA 2007 (gift aid) ”.
- 555 (1) Amend section 628 (exception for gifts to charities) as follows.
- (2) In subsection (2)—
- (a) in paragraph (a) for “is to” substitute “ must ”, and
- (b) in paragraph (b) omit the words after “person”.
- (3) After that subsection insert—
- “(2A) The cases covered by subsection (2)(b) include cases where the trustees have, or any other person has, any discretion over one or more of the following matters—
- (a) whether, or the extent to which, the income is to be accumulated,
- (b) the persons to whom the income is to be paid, and
- (c) how much of the income is to be paid to any person.”
- (4) In subsection (6)—
- (a) in the definition of “charity” for the words from “each” to the end substitute—
- “(a) the Trustees of the National Heritage Memorial Fund,
- (b) the Historic Buildings and Monuments Commission for England, and
- (c) the National Endowment for Science, Technology and the Arts, and”, and
- (b) omit the definition of “resident” and the “and” immediately after it.
- 556 In section 631(7) (retained and accumulated income) for “the total income” substitute “ the child's total income or net income at Step 2 or 3 of the calculation in section 23 of ITA 2007 ”.
- 557 In section 635(3)(d) (settlements: amounts treated as income of settlor: amount of available income) for “rate applicable to trusts” substitute “ trust rate ”.
- 558 (1) Amend section 636 (calculation of undistributed income) as follows.
- (2) In subsection (6) for “section 505 of ICTA (charities: general)” substitute “ any provision to which subsection (7) applies ”.
- (3) After that subsection insert—
- “(7) This subsection applies to the following provisions of ITA 2007—

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section 521(4) (gifts entitling donor to gift-aid relief),
section 522(5) (gifts of money from companies),
section 523(5) (payments from other charities),
section 524 (profits etc of charitable trades),
section 529 (profits from fund-raising events),
section 530 (profits from lotteries),
section 531 (property income etc),
section 532 (savings and investment income),
section 533 (public revenue dividends),
section 536 (miscellaneous income), and
section 537 (income from estates in administration).”

559 In section 640(1) and (3)(a) (settlements: amounts treated as income of settlor:
grossing-up of deemed income) for “rate applicable to trusts” substitute “trust rate
”.

560 After section 646 insert—

“646A Trustees' expenses to be rateably apportioned

- (1) This section applies if—
 - (a) in a tax year qualifying income arises under a UK settlement, and
 - (b) the qualifying income consists of charitable income and non-charitable income.
- (2) If expenses of the trustees are to be set against the charitable income by virtue of section 484 of ITA 2007, the amount of those expenses which can be used for that purpose is limited to the amount allocated to the charitable income.
- (3) If—
 - (a) Chapter 8 of Part 9 of ITA 2007 applies in relation to the charitable income, and
 - (b) expenses of the trustees are to be used to reduce the charitable income for income tax purposes,the amount of those expenses which can be used for that purpose is limited to the amount allocated to the charitable income.
- (4) For the purposes of subsections (1) and (3) the amount of the expenses allocated to the charitable income is determined by apportioning them rateably between the charitable income and the non-charitable income.
- (5) In this section—

“charitable income” means income within section 628(1) or 630(1),
“non-charitable income” means income which is not charitable income, and
“qualifying income” and “UK settlement” have the same meaning as in section 628.”

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Textual Amendments

F65 Sch. 1 para. 561 omitted (with effect in accordance with s. 4(18) of the amending Act) by virtue of Finance Act 2016 (c. 24), s. 4(14)(a)

562 In section 677 (relief where UK income tax borne by foreign estate: absolute interests) after subsection (2) insert—

“(3) The tax reduction under this section is given effect at Step 6 of the calculation in section 23 of ITA 2007.”

563 In section 678 (relief where UK income tax borne by foreign estate: limited and discretionary interests) after subsection (2) insert—

“(3) The tax reduction under this section is given effect at Step 6 of the calculation in section 23 of ITA 2007.”

^{F66}564

Textual Amendments

F66 Sch. 1 para. 564 omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 1 para. 35

^{F67}565

Textual Amendments

F67 Sch. 1 para. 565 omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 1 para. 35

566 After section 680 insert—

“680A Income treated as savings income or dividend income

- (1) Subsections (2) and (3) apply to income if it—
 - (a) is treated under section 656(3) or 657(4) (gross amount of estate income treated as bearing tax at the applicable rate) as bearing tax at the savings rate or the dividend ordinary rate, and
 - (b) is not paid through a trustee.
- (2) So far as the income is treated as bearing tax at the savings rate, it is treated as savings income.
- (3) So far as the income is treated as bearing tax at the dividend ordinary rate, it is treated as dividend income.
- (4) Subsections (5) and (6) apply to income if it—
 - (a) is treated by section 662, read with section 656(3) or 657(4), as bearing tax at the savings rate or the dividend ordinary rate, and
 - (b) is paid through a trustee.

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- (5) So far as the income is treated as bearing tax at the savings rate, it is treated as savings income of the trustee.
- (6) So far as the income is treated as bearing tax at the dividend ordinary rate, it is treated as dividend income of the trustee.”
- 567 In section 682 (assessments, adjustments and claims after the administration period) after subsection (4) insert—
- “(4A) The excess charged under subsection (4)(b) is treated as an amount of income for income tax purposes, except so far as it represents a tax reduction given effect at Step 6 of the calculation in section 23 of ITA 2007.”
- 568 In section 684(3) (Chapter 7 of Part 5 subject to section 687 of ICTA) for “section 687 of ICTA” substitute “ section 494 of ITA 2007 ”.
- 569 (1) Amend section 685A (discretionary payments under settlor-interested settlements) as follows.
- (2) In subsection (4) omit paragraph (c) and the “and” immediately before it.
- (3) In subsection (6) for “Section 687 of ICTA” substitute “ Sections 494 and 495 of ITA 2007 ”.
- 570 (1) Amend section 686 (payments received after deduction of tax) as follows.
- (2) In subsection (1)—
- (a) for “Income tax deducted under either of the following sections” substitute “ In accordance with section 848 of ITA 2007, a sum representing income tax deducted under Chapter 6 of Part 15 of that Act ”, and
- (b) omit the words after “recipient”.
- (3) In subsection (2) for “section 687(2) of that Act” substitute “ section 494(3) of ITA 2007 ”.
- 571 In section 704(4)(a) (types of arrangements and providers) for “section 840A(1)(b) of ICTA” substitute “ section 991(2)(b) of ITA 2007 ”.
- 572 In section 714(6) (exemption of profits from FOTRA securities) for “Chapter 3 of Part 17 of ICTA” substitute “ Chapter 2 of Part 13 of ITA 2007 ”.
- 573 In section 724 (regulations) omit subsection (3).
- 574 In section 755(3) (exemption of interest on foreign currency securities etc owned by non-UK residents) for “Chapter 3 of Part 17 of ICTA” substitute “ Chapter 2 of Part 13 of ITA 2007 ”.
- 575 In section 756A(5) (interest on certain deposits of victims of National-Socialist persecution) for “meaning given by section 481(3) of ICTA” substitute “ same meaning as in Chapter 19 of Part 15 of ITA 2007 (see section 983 of that Act) ”.
- 576 In section 757 (interest and royalty payments: introduction) at the end insert—
- “(4) See section 914 of ITA 2007 for provision enabling a company to make a royalty payment gross if it reasonably believes that the payment is exempt from income tax as a result of section 758 of this Act.”
- 577 In section 767(2) (power to amend references to the Directive by order)—

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- (a) for “section 101 of FA 2004” substitute “ sections 914 to 916 of ITA 2007 ”, and
 - (b) for “subsection (9) of that section” substitute “ section 917(2) of that Act ”.
- 578 In section 841 (unremittable income: introduction) for subsection (5) substitute—
- “(5) This Chapter does not apply to accrued income profits which a person is treated as making under Chapter 2 of Part 12 of ITA 2007, but see sections 668 and 669 of that Act (which make similar provision).”
- 579 In section 852(7) (carrying on by partner of notional trade) for “carried forward under section 385 of ICTA and set against” substitute “ deducted under section 83 of ITA 2007 from ”.
- 580 In section 863(2) (limited liability partnerships)—
- (a) in paragraph (a) after “firm” insert “ or partnership ”, and
 - (b) in paragraph (b)—
 - (i) after “members”, in the first place where it occurs, insert “ or partners ”, and
 - (ii) after “firm” insert “ or partnership ”.
- 581 In section 871 (apportionment etc of miscellaneous profits to tax year)—
- (a) in subsection (1)(a) for “section 836B of ICTA” substitute “ section 1016 of ITA 2007 ”, and
 - (b) in subsection (2)—
 - (i) for “section 836B of ICTA” substitute “ section 1016 of ITA 2007 ”, and
 - (ii) for “subsection (4)(a)” substitute “ subsection (3)(a) ”.
- 582 In section 872(3)(a) (losses calculated on same basis as miscellaneous income) for “section 836B of ICTA” substitute “ section 1016 of ITA 2007 ”.
- 583 Omit section 876 (meaning of “farming” and related expressions).
- 584 Omit section 877 (meaning of “grossing up”).
- 585 (1) Amend section 878 (other definitions) as follows.
- (2) In subsection (1)—
- (a) omit the definition of “charity”,
 - (b) after the definition of “houseboat” insert “ and ”, and
 - (c) omit the words after the definition of “income”.
- (3) In subsection (5) for “Section 839 of ICTA” substitute “ Section 993 of ITA 2007 ”.
- (4) In subsection (6) for “Section 840 of ICTA (meaning of control in relation to a body corporate)” substitute “ Section 995 of ITA 2007 (meaning of “control”) ”.
- 586 In section 879 (interpretation: Scotland)—
- (a) in subsection (1) omit the definitions of “assignment” and “surrender” and the “and” immediately before the definition of “surrender”, and
 - (b) omit subsection (2).
- 587 In section 885(3)(c) (general index in Schedule 4) for “ICTA or ITEPA 2003” substitute “ another Act ”.
- 588 In Schedule 2 (transitionals and savings etc) omit paragraph 50(3).

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- 589 (1) Amend paragraph 82 of Schedule 2 (transitionals and savings etc) as follows.
- (2) In paragraph (a) for “section 505(1) of ICTA (exemption from income tax for certain income forming part of the income of a charity)” substitute “ any of sections 521(4), 522(5), 523(5), 524, 529 to 533, 536 and 537 of ITA 2007 (certain exemptions: special rules about charitable trusts) ”.
- (3) In paragraph (b) for the words from “505(3)” to the end substitute “ 541 of that Act (restrictions on exemptions: attributing items of income to the non-exempt amount) ”.
- 590 In paragraph 109(4) of Schedule 2 (transitional provision: contracts in accounting periods beginning before 1st January 1992) for the words from “Section 539(3)” to the end substitute “Section 539 (relief for deficiencies) has effect as if for subsections (1) to (6) there were substituted—
- “(1) A deficiency from a policy or contract arising on a chargeable event is allowable as a deduction in calculating an individual's net income for a tax year if, had a gain arisen instead on the chargeable event—
- (a) the individual would have been liable to income tax on the gain for that year, or
- (b) the individual would have been so liable apart from the requirement in section 465(1) that the individual must be UK resident in the tax year in which the gain arises.
- (2) See section 540 for the cases in which a deficiency is treated as arising from a policy or contract on a chargeable event, section 541 for how the deficiency is calculated and section 469(5) for the apportionment of deficiencies in cases where two or more persons are interested in a policy or contract.””
- 591 In Part 1 of Schedule 4 (abbreviations) in the appropriate place insert—
- | “ITA 2007 | The Income Tax Act 2007” |
|-----------|--------------------------|
|-----------|--------------------------|
- 592 (1) Amend Part 2 of Schedule 4 (index of defined expressions) as follows.
- (2) In the entry for “assignment (in the application of the Act to Scotland)”, in the second column, for “section 879(1)” substitute “ section 1008(1) of ITA 2007 ”.
- (3) In the entry for “authorised unit trust”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (4) In the entry for “basic rate”, in the second column, for “section 832(1) of ICTA” substitute “ section 6(2) of ITA 2007 (as applied by section 989 of that Act) ”.
- (5) In the entry for “body of persons”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (6) In the entry for “building society”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (7) In the entry for “capital allowance”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (8) Omit the entry for “chargeable period”.

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- (9) In the entry for “charity”, in the second column, for “section 878(1)” substitute “section 989 of ITA 2007”.
- (10) Omit the entry for “child”.
- (11) In the entry for “company”, in the second column, for “section 832(1) of ICTA” substitute “section 992 of ITA 2007”.
- (12) In the entry for “connected”, in the second column, for “section 839 of ICTA” substitute “section 993 of ITA 2007”.
- (13) In the entry for “control”—
 - (a) in the first column, omit “(in relation to a body corporate)”, and
 - (b) in the second column, for “section 840 of ICTA” substitute “section 995 of ITA 2007”.
- (14) In the entry for “distribution”, in the second column, for “section 832(1) of ICTA” substitute “section 989 of ITA 2007”.
- (15) In the entry for “the dividend ordinary rate”, in the second column, for “section 832(1) of ICTA” substitute “section 8(1) of ITA 2007 (as applied by section 989 of that Act)”.
- (16) In the entry for “the dividend trust rate”, in the second column, for “section 832(1) of ICTA” substitute “section 9(2) of ITA 2007 (as applied by section 989 of that Act)”.
- (17) In the entry for “the dividend upper rate”, in the second column, for “section 832(1) of ICTA” substitute “section 8(2) of ITA 2007 (as applied by section 989 of that Act)”.
- (18) In the entry for “estate in land (in relation to any land in Scotland)”, in the second column, for “section 832(1) of ICTA” substitute “section 1008(1) of ITA 2007”.
- (19) In the entry for “farming”, in the second column, for “section 876” substitute “section 996 of ITA 2007”.
- (20) In the entry for “for accounting purposes”, in the second column, for “section 832(1) of ICTA” substitute “section 997 of ITA 2007”.
- (21) In the entry for “forestry”, in the second column, for “section 876(3)” substitute “section 996(3) of ITA 2007”.
- (22) In the entry for “generally accepted accounting practice”, in the second column, for “section 832(1) of ICTA and section 50 of FA 2004” substitute “section 997 of ITA 2007”.
- (23) In the entry for “grossing up”, in the second column, for “section 877” substitute “section 998 of ITA 2007”.
- (24) In the entry for “higher rate”, in the second column, for “section 832(1) of ICTA” substitute “section 6(2) of ITA 2007 (as applied by section 989 of that Act)”.
- (25) Omit the entry for “interest”.
- (26) In the entry for “international accounting standards”, in the second column, for “section 832(1) of ICTA and section 50(2) of FA 2004” substitute “section 997 of ITA 2007”.

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- (27) Omit the entry for “investment trust”.
- (28) In the entry for “local authority”, in the second column, for “section 842A of ICTA” substitute “ section 999 of ITA 2007 ”.
- (29) Omit the entry for “lower rate”.
- (30) In the entry for “market gardening”, in the second column, for “section 876(5)” substitute “ section 996(5) of ITA 2007 ”.
- (31) In the entry for “non-UK resident”, in the second column, for “section 878(1)” substitute “ section 989 of ITA 2007 ”.
- (32) In the entry for “normal self-assessment filing date”, in the second column, for “section 878(1)” substitute “ section 989 of ITA 2007 ”.
- (33) In the entry for “notice”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (34) In the entry for “oil and gas exploration and appraisal”, in the second column, for “section 837B of ICTA” substitute “ section 1003 of ITA 2007 ”.
- (35) In the entry for “ordinary share capital”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (36) In the entry for “period of account”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (37) In the entry for “permanent establishment”, in the second column, for “section 832(1) of ICTA and section 148 of FA 2003” substitute “ section 148 of FA 2003 (as applied by section 989 of ITA 2007) ”.
- (38) In the entry for “personal representatives”, in the second column, for “section 878(1)” substitute “ section 989 of ITA 2007 ”.
- (39) In the entry for “profits or gains”, in the second column, for “section 833(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (40) In the entry for “property or rights held on trust or on trusts (in the application of the Act to Scotland)”, in the second column, for “section 879(2)” substitute “ section 1008(2) of ITA 2007 ”.
- (41) In the entry for “qualifying distribution”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (42) In the entry for “qualifying policy”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.
- (43) Omit the entry for “the rate applicable to trusts”.
- (44) In the entry for “recognised stock exchange”, in the second column, for “section 841(1) of ICTA” substitute “ section 1005 of ITA 2007 ”.
- (45) In the entry for “registered pension scheme”, in the second column, for “section 832(1) of ICTA and section 150(2) of FA 2004” substitute “ section 150(2) of FA 2004 (as applied by section 989 of ITA 2007) ”.

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(46) In the entry for “retail prices index”, in the second column, for “section 833(2) of ICTA” substitute “ section 989 of ITA 2007 ”.

^{F68}(47)

(48) In the entry for “Schedule A business”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.

^{F69}(49)

(50) In the entry for “stepchild”, in the second column, for “section 832(1) of ICTA” substitute “ section 246 of the Civil Partnership Act 2004 (as applied by section 989 of ITA 2007) ”.

(51) In the entry for “surrender (in the application of the Act to Scotland)”, in the second column, for “section 879(1)” substitute “ section 1008(1) of ITA 2007 ”.

(52) In the entry for “tax year”, in the second column, for “section 878(1)” substitute “ section 4(2) of ITA 2007 (as applied by section 989 of that Act) ”.

(53) In the entry for “the tax year 2005-06 etc”, in the second column, for “section 878(1)” substitute “ section 4(4) of ITA 2007 (as applied by section 989 of that Act) ”.

(54) In the entry for “total income” for “section 835(1) of ICTA” substitute “ section 23 of ITA 2007 (as applied by section 989 of that Act) ”.

(55) In the entry for “trade”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.

(56) After the entry for “transfer of work in progress” insert—

“trust rate

section 9(1) of ITA 2007 (as applied by section 989 of that Act)”

(57) In the entry for “UK resident”, in the second column, for “section 878(1)” substitute “ section 989 of ITA 2007 ”.

(58) In the entry for “unit holder”, in the second column, for “section 832(1) of ICTA” substitute “ section 989 of ITA 2007 ”.

(59) In the entry for “unit trust scheme”, in the second column, for “section 832(1) of ICTA” substitute “ section 1007 of ITA 2007 ”.

(60) In the entry for “United Kingdom”, in the second column, for “section 830(1) of ICTA” substitute “ section 1013 of ITA 2007 ”.

(61) In the entry for “venture capital trust”, in the second column, for “section 842AA(1) of ICTA” substitute “ section 989 of ITA 2007 ”.

(62) In the entry for “within the charge to tax”, in the second column, for “section 832(1) of ICTA” substitute “ section 1009 of ITA 2007 ”.

(63) In the entry for “woodlands”, in the second column, for “section 876(4)” substitute “ section 996(4) of ITA 2007 ”.

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Textual Amendments

- F68** Sch. 1 para. 592(47) omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 35](#)
- F69** Sch. 1 para. 592(49) omitted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 35](#)

Finance Act 2005 (c. 7)

- 593 The Finance Act 2005 is amended as follows.
- 594 In section 26 (amount of relief for trustees of property held on trust for vulnerable persons) at the beginning insert “(1)” and at the end insert—
- “(2) The tax reduction is given effect at Step 6 of the calculation in section 23 of ITA 2007.”
- 595 (1) Amend section 27 (tax liability of trustees of property held on trust for vulnerable persons) as follows.
- (2) In subsection (2)—
- (a) in paragraph (b) for the words from “any expenses” to the end substitute “allowable expenses”, and
- (b) for “management” substitute “allowable”.
- (3) After that subsection insert—
- “(2A) References in subsection (2) to allowable expenses are to expenses which can be set against the total income in accordance with Chapter 4 of Part 9 of ITA 2007.”
- 596 In section 41(1) (interpretation of Chapter 4 of Part 2) in the definition of “tax year” omit paragraph (a) and the “and” immediately after it.
- ^{F70}597

Textual Amendments

- F70** Sch. 1 paras. 597-599 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 7](#) (with Sch. 9 paras. 1-9, 22)

^{F70}598

Textual Amendments

- F70** Sch. 1 paras. 597-599 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 7](#) (with Sch. 9 paras. 1-9, 22)

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Textual Amendments

F70 Sch. 1 paras. 597-599 repealed (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 10 Pt. 7 (with Sch. 9 paras. 1-9, 22)

- 600 Omit sections 74 to 78 (partners: recovery of excess relief).
- 601 In section 105 (interpretation) after the definition of “HTA 1984” insert—
- ““ITA 2007” means the Income Tax Act 2007;”.
- 602 (1) Amend Schedule 2 (alternative finance arrangements: further provisions) as follows.
- (2) Omit paragraphs 3, 5 and 6.
- (3) After paragraph 10 insert—

“Income Tax Act 2007

- 11 Chapter 2 of Part 15 of ITA 2007 (deduction of income tax at source: deduction by deposit-takers and building societies) (and Chapter 19 of that Part so far as it has effect for the purposes of Chapter 2) have effect as if—
- (a) relevant arrangements were a deposit,
- (b) for the purposes of section 866(2)(a) of that Act, relevant arrangements were a deposit consisting of a loan, and
- (c) alternative finance return or profit share return payable under relevant arrangements were interest.
- 12 Chapters 3 to 5 of Part 15 of ITA 2007 (and Chapter 19 of that Part so far as it has effect for the purposes of those Chapters) have effect in relation to alternative finance return or profit share return as they have effect in relation to interest.
- 13 In Chapter 12 of Part 15 of ITA 2007 (funding bonds) references to interest include references to alternative finance return or profit share return.”

Finance (No. 2) Act 2005 (c. 22)

- 603 The Finance (No. 2) Act 2005 is amended as follows.
- 604 (1) Amend section 7 (charge to income tax on social security pension lump sum) as follows.
- (2) In subsection (5) for “total income” in each place substitute “ Step 3 income ”.
- (3) At the end insert—
- “(9) For the purposes of this section P's “Step 3 income” means P's net income less allowances deducted at Step 3 of the calculation in section 23 of ITA 2007 (calculation of income tax liability).”
- 605 In section 18(3)(b)(i) (authorised investment funds etc: section 17(3): specific powers) for “506(1) of ICTA” substitute “ 989 of ITA 2007 ”.
- 606 In section 71 (interpretation) after the definition of “ICTA” insert—
- ““ITA 2007” means the Income Tax Act 2007;”.

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Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I. 1))

- 607 The Pensions (Northern Ireland) Order 2005 is amended as follows.
- 608 In Schedule 3 (restricted information held by the Regulator: certain permitted disclosures to facilitate exercise of functions), in the entry relating to the Commissioners of Inland Revenue or their officers, in the second column—
- (a) omit the “or” immediately after paragraph (f), and
 - (b) after paragraph (g) insert “, or
 - (h) the Income Tax Act 2007 (so far as relating to functions previously exercised under the Income and Corporation Taxes Act 1988).”
- 609 In Schedule 7 (restricted information held by the Board: certain permitted disclosures to facilitate exercise of functions), in the entry relating to the Commissioners of Inland Revenue or their officers, in the second column—
- (a) omit the “or” immediately after paragraph (e), and
 - (b) after paragraph (f) insert “, or
 - (g) the Income Tax Act 2007 (so far as relating to functions previously exercised under the Income and Corporation Taxes Act 1988).”

Finance Act 2006 (c. 25)

- 610 The Finance Act 2006 is amended as follows.
- 611 In section 34 (meaning of certain expressions for the purposes of Chapter 3 of Part 3) for subsection (4) substitute—
- “(4) For the purposes of subsection (3) whether a person is connected with another person is determined in accordance with section 839 of ICTA (connected persons).”
- 612 In section 65(3) (London Organising Committee) for “Section 349(1) of ICTA (annual payments: deductions of tax)” substitute “ The duties to deduct under Chapters 6, 7, 10 and 14 of Part 15 of ITA 2007 (deduction of income tax at source) ”.
- 613 In section 67 (International Olympic Committee)—
- (a) in subsection (1)(c), for “section 349(1) and (2) of ICTA (annual payments: deductions of tax)” substitute “ the duties to deduct under Chapters 3, 6, 7, 10 and 14 of Part 15 of ITA 2007 (deduction of income tax at source) ”, and
 - (b) in subsection (2)(c), for “section 349(1) and (2) of ICTA” substitute “ the duties to deduct under Chapters 3, 6, 7, 10 and 14 of Part 15 of ITA 2007 (deduction of income tax at source) ”.
- 614 In section 68(1)(d) (competitors and staff) for “section 349(1) of ICTA (annual payments: deductions of tax)” substitute “ the duties to deduct under Chapters 6, 7, 10 and 14 of Part 15 of ITA 2007 (deduction of income tax at source) ”.
- 615 Omit section 75 (tax avoidance: interest relief and film partnerships).
- F71 616

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

F71 Sch. 1 paras. 616-620 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F71}617

Textual Amendments

F71 Sch. 1 paras. 616-620 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F71}618

Textual Amendments

F71 Sch. 1 paras. 616-620 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F71}619

Textual Amendments

F71 Sch. 1 paras. 616-620 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F71}620

Textual Amendments

F71 Sch. 1 paras. 616-620 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

621 (1) Amend section 139 (manufactured dividends) as follows.

^{F72}(2)

(3) In subsection (2)—

^{F73}(a)

^{F73}(b)

(c) in the new paragraph 2(2B) of that Schedule omit paragraph (d),

(d) omit the new sub-paragraphs (2C) to (2E) of paragraph 2 of that Schedule.

(4) Omit subsections (3) and (4).

Textual Amendments

F72 Sch. 1 para. 621(2) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

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F73 Sch. 1 para. 621(3)(a)(b) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

- 622 In section 179 (interpretation) after the definition of “IHTA 1984” insert—
““ITA 2007” means the Income Tax Act 2007;”.
- 623 In Schedule 5 (film tax relief: further provisions) in paragraph 9(4)(b) for “555 of ICTA (foreign entertainers)” substitute “ 966 of ITA 2007 (visiting performers) ”.
- 624 In paragraph 27(1) of Schedule 8 (long funding leases of plant and machinery) for “section 840 of ICTA” in both places where it occurs substitute “ section 574 of CAA 2001 ”.
- 625 In Schedule 13 (settlements) omit paragraph 37.
- ^{F74}626

Textual Amendments

F74 Sch. 1 para. 626 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

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.)