



Income and Corporation Taxes Act 1970

1970 CHAPTER 10

PART II

ANNUAL PAYMENTS AND INTEREST

Deduction of income tax at standard rate

52 Payments out of profits or gains brought into charge to income tax

- (1) Where any annuity or other annual payment charged with tax under Case III of Schedule D, not being interest, is payable wholly out of profits or gains brought into charge to income tax—
- (a) no assessment to income tax (other than surtax) shall be made on the person entitled to the annuity or other annual payment, and
 - (b) the whole of the profits or gains shall be assessed and charged with income tax on the person liable to the annuity or other annual payment, without distinguishing the annuity or other annual payment, and
 - (c) the person liable to make the payment, whether out of the profits or gains charged with income tax or out of any annual payment liable to deduction, or from which a deduction has been made, shall be entitled on making the payment to deduct and retain out of it a sum representing the amount of income tax thereon at the standard rate for the year in which the amount payable becomes due, and
 - (d) the person to whom the payment is made shall allow the deduction on receipt of the residue of the payment, and the person making the deduction shall be acquitted and discharged of so much money as is represented by the deduction, as if that sum had been actually paid.
- (2) Where—
- (a) any royalty or other sum paid in respect of the user of a patent, or
 - (b) any rent, royalty or other payment which, by section 156 or 157 of this Act (mining etc. rents and royalties), is declared to be subject to deduction of

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income tax under this Part of this Act as if it were a royalty or other sum paid in respect of the user of a patent,

is paid wholly out of profits or gains brought into charge to income tax, the person making the payment shall be entitled on making the payment to deduct and retain out of it a sum representing the amount of the income tax thereon at the standard rate for the year in which the amount payable becomes due.

53 Payments not out of profits or gains brought into charge to income tax

(1) Where—

- (a) any annuity or other annual payment charged with tax under Case III of Schedule D, not being interest, or
- (b) any royalty or other sum paid in respect of the user of a patent, or
- (c) any rent, royalty or other payment which, by section 156 or 157 of this Act (mining etc. rents and royalties), is declared to be subject to deduction of income tax under this Part of this Act as if it were a royalty or other sum paid in respect of the user of a patent,

is not payable, or not wholly payable, out of profits or gains brought into charge to income tax, the person by or through whom any payment thereof is made shall, on making the payment, deduct out of it a sum representing the amount of income tax thereon at the standard rate in force at the time of the payment.

- (2) Where any such payment as is mentioned in subsection (1) above is made by or through any person, that person shall forthwith deliver to the inspector an account of the payment, and shall be assessable and chargeable with income tax at the standard rate on the payment, or on so much thereof as is not made out of profits or gains brought into charge to income tax.
- (3) All the provisions of the Income Tax Acts relating to persons who are to be chargeable with income tax, to income tax assessments, and to the collection and recovery of income tax, shall, so far as they are applicable, apply to the charge, assessment, collection and recovery of income tax under this section.
- (4) Subsections (2) and (3) above have effect subject to the provisions of Schedule 9 to this Act with respect to the time and manner in which companies resident in the United Kingdom are to account for and pay income tax in respect of payments from which tax is deductible.

54 Annual interest

(1) Subject to subsections (2) and (3) below, where any yearly interest of money chargeable to tax under Case III of Schedule D is paid—

- (a) otherwise than in a fiduciary or representative capacity, by a company or local authority, or
- (b) by or on behalf of a partnership of which a company is a member, or
- (c) by any person to another person whose usual place of abode is outside the United Kingdom.

the person by or through whom the payment is made shall, on making the payment, deduct out of it a sum representing the amount of income tax thereon at the standard rate in force at the time of the payment.

(2) Subsection (1) above does not apply—

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- (a) to interest payable in the United Kingdom on an advance from a bank carrying on a bona fide banking business in the United Kingdom, or
 - (b) to interest paid by such a bank in the ordinary course of that business.
- (3) Subsections (2) to (4) of section 53 above shall apply to payments within subsection (1) of this section as they apply to payments within subsection (1) of that section.

55 Certificates of deduction

- (1) A person making any payment which is subject to deduction of income tax by virtue of section 52, 53 or 54 above shall, if the recipient so requests in writing, furnish him with a statement in writing showing the gross amount of the payment, the amount of tax deducted, and the actual amount paid.
- (2) The duty imposed by subsection (1) above shall be enforceable at the suit or instance of the person requesting the statement.

56 Construction of references to payments not out of profits or gains brought into charge

In section 53 above, any reference to a payment or sum as being not payable, or not wholly payable, out of profits or gains brought into charge to income tax shall be construed as a reference to it as being payable wholly or in part out of a source other than profits or gains brought into charge; and any such reference elsewhere in the Tax Acts shall be construed accordingly.