

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

INCOME TAX ACT 2007

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 12: Accrued Income Profits

Overview

Chapter 1 Introduction

Section 615: Overview of Part

1797. This section describes the scope of the Part and provides or signposts the definition of a number of key terms used in the Part. It is based on sections 714, 716 and 723 of ICTA.
1798. *Subsections (2) and (3)* refer to “profits treated as made” under a number of sections in Chapter 2 where interest bearing securities are transferred. But for the charge made by this Part, the profit on the transfer in question would usually be a capital profit. See section 119 of TCGA (as amended by Schedule 1 to this Act) for rules which amend the calculation of a gain or loss under that Act if the accrued income scheme applies.
1799. Profits are treated as made under section 628 if the transfer occurs in an interest period of the security. Profits are treated as made under section 630 if the transfer is of variable rate securities or a transfer with unrealised interest and the settlement day for the transfer is outside an interest period. Section 670 treats as profits the recovery of relief given previously in respect of unremittable transfer proceeds from foreign securities. Some rules apply all such profits. But some apply only to one or to one or more but not all such types of profits or the transactions giving rise to them. References to sections 628, 630 and 670 are therefore used, both in this Part and in other provisions in the Tax Acts which refer to the accrued income scheme, to indicate which type of profit is in point for the operation of the other provision (for example, see section 667).