

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

# INCOME TAX ACT 2007

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 15: Deduction of income tax at source**

##### **Overview**

##### *Chapter 1: Introduction*

##### *Section 847: Overview of Part*

2558. This section provides an overview to the Part. It is new.

##### *Section 848: Income tax deducted at source treated as income tax paid by recipient*

2559. This section treats sums representing income tax deducted (or treated as deducted) from a payment under this Part (other than under sections 966 (visiting performers) or 971 (non-resident landlords)) as tax paid by the recipient, and links such amounts with the provisions of TMA concerning payment of income tax. It is based on sections 348(1) and 349(1) of ICTA and sections 426, 550, 602, 618 and 686(1) of ITTOIA.

##### *Section 849: Interaction with other Income Tax Acts provisions*

2560. This section provides information about how this Part interacts with other provisions. It is new.

2561. *Subsection (1)* gives a signpost to regulations made under the provisions of ICTA about double taxation relief, such as the [Double Taxation Relief \(Taxes on Income\) \(General\) Regulations 1970 \(SI 1970/488\)](#). Under these regulations a duty to deduct may be disapplied or modified.

2562. *Subsection (3)* provides that anything covered by the general disregard in section 783 of ITTOIA is ignored for the purposes of the duties under this Part, subject to any contrary provision.

2563. *Subsection (4)* gives a signpost to paragraphs 11 to 13 of Schedule 2 to FA 2005 (alternative finance arrangements) inserted by this Act. Alternative finance return and profit share return are treated as interest (and therefore, if the arrangements meet the relevant conditions, yearly interest) for the purposes of this Part.