

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

INCOME TAX ACT 2007

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 15: Deduction of income tax at source

Overview

Chapter 12: Funding bonds

Overview

Section 939: Duty to retain bonds where issue treated as payment of interest

2858. This section requires a debtor who issues funding bonds to retain bonds instead of deducting sums representing income tax. It is based on section 582(2), (2A) and (4) of ICTA.
2859. *Subsection (2)* makes it explicit that the rate by reference to which bonds are to be retained is the savings rate. The debtor is then treated as having complied with the duty to deduct at source (*subsection (3)*).
2860. The bonds themselves may be tendered in satisfaction of any income tax due from the debtor under Chapter 15 or 16 of Part 15 of this Act. Because the source legislation links into the deduction and collection requirements of sections 349 and 350 of ICTA, this provision is affected by the removal of the charge to income tax in section 350(1) of ICTA. See *Change 147* in Annex 1 and the commentary on section 963.