

*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 19: General

Overview

Section 976: Arrangements for payments of interest less tax or at specified net rate

2991. This section clarifies how a provision for the payment of interest “less tax” is to be interpreted if there is no duty to deduct a sum representing income tax. It is based on section 818 of ICTA.
2992. In this section the word “provision” relates to arrangements for the payment of interest as well as to any other context. It applies very widely to primary and secondary legislation, contracts, wills, deeds and any other arrangements, whether in writing or not.
2993. If any such provision is for the payment of interest “less tax”, the words “less tax” are to be ignored.
2994. If the provision is for payment of interest chargeable as mentioned in *subsection (6)*, any provision that purports to require grossing up from a prescribed net rate of interest is to be interpreted as requiring payment at the “gross rate”.