

*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 7: Deduction from other payments connected with intellectual property

Overview

Section 906: Certain royalties etc where usual place of abode of owner is abroad

2755. This section requires the deduction of sums representing income tax from certain payments in respect of a “relevant intellectual property right” (see section 907). It is based on sections 4(1) and (2), 536(1) and (2), 537 and 537B(1) and (2) of ICTA.
2756. *Subsection (1)(b)* makes explicit that deduction is to apply only where the payment is charged to income or corporation tax. See *Change 140* in Annex 1.
2757. The payments concerned are those where the owner of the intellectual property right, or a past owner who has assigned the right but receives payments in respect of it, has a usual place of abode outside the United Kingdom.
2758. For discussion of “usual place of abode”, see the commentary on section 874.
2759. But the duty to deduct does not apply in cases where the payment is for copies of works or articles that have been exported from the United Kingdom for distribution elsewhere.
2760. *Subsection (5)* makes it explicit that the rate at which deduction must be made is the basic rate and imposes the duty to deduct on the person by or through whom the payment is made. But see the commentary on section 908 for special rules affecting some paying agents.