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STATUTORY INSTRUMENTS

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**2007 No. 3506**

**The Income Tax Act 2007 (Amendment) (No. 3) Order 2007**

**Amendments to the Income Tax Act 2007**

3.—(1) The Income Tax Act 2007 is amended as follows.

(2) In section 396 (loan to buy interest in employee-controlled company), in subsection (2) for paragraph (a) substitute—

“(a) acquiring part of the ordinary share capital of a company that first becomes an employee-controlled company—

(i) after the date of acquisition, or

(ii) not earlier than 12 months before that date, and”.

(3) In section 540 (charitable trusts: the non-exempt amount), in subsection (3)(b) for “section 261” substitute “section 256(1)”.

(4) In section 816 (meaning of “disregarded company income”)—

(a) in subsection (1) for paragraphs (c) and (d) substitute—

“(c) income arising from a transaction carried out through a broker in the United Kingdom acting as an agent of independent status in the ordinary course of the broker’s business,

(d) income arising from a transaction carried out through an investment manager in the United Kingdom acting as an agent of independent status in the ordinary course of the investment manager’s business, or”; and

(b) for subsection (2) substitute—

“(2) A broker is regarded for the purposes of subsection (1)(c) as an agent of independent status acting in the ordinary course of the broker’s business in relation to a transaction carried out on behalf of a non-UK resident company in the course of that company’s trade if, and only if, the independent broker conditions are met in relation to the transaction (see section 817).

(3) An investment manager is regarded for the purposes of subsection (1)(d) as an agent of independent status acting in the ordinary course of the investment manager’s business in relation to an investment transaction carried out on behalf of a non-UK resident company in the course of that company’s trade if, and only if, the independent investment manager conditions are met in relation to the investment transaction (see sections 818 to 824).

(4) This section needs to be read with—

section 827 (meaning of “investment manager” and “investment transaction”), and

section 828 (transactions through brokers and investment managers).”.

(5) In paragraph 193 of Schedule 1 to ITA (minor and consequential amendments)(1), at the end insert—

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(1) Paragraph 193 of Schedule 1 to the Income Tax Act 2007 makes amendments to section 796 of the Income and Corporation Taxes Act 1988; section 796(3) was omitted by paragraph 193(4) of Schedule 1 to the Income Tax Act 2007 and rewritten at section 29(2) of that Act.

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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“(5) This paragraph does not have effect in relation to section 796 as applied by section 277(1) of TCGA 1992 (application of double taxation relief provisions for capital gains purposes).”.

(6) In Schedule 3 (repeals and revocations) at the end of Part 1 (general) insert—

“*Note* The repeal of section 796(3) of ICTA does not have effect in relation to that section as applied by section 277(1) of TCGA 1992.”.