



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 15

#### DEDUCTION OF INCOME TAX AT SOURCE

### CHAPTER 6

#### DEDUCTION FROM ANNUAL PAYMENTS AND PATENT ROYALTIES

#### *Supplementary*

#### **904 Annual payments for dividends or non-taxable consideration**

(1) For the purposes of section 899(5)(f) and 903(2)(b) this section applies to an annual payment which meets the conditions in subsections (2) to (7).

[<sup>F1</sup>(2) The payment must be—

- (a) a payment charged to income tax under Part 5 of ITTOIA 2005 (miscellaneous income), or
- (b) a payment which is—
  - (i) required to be brought into account under Part 5 of CTA 2009 (loan relationships) as a non-trading credit, or
  - (ii) from a source in the United Kingdom and chargeable to corporation tax under [<sup>F2</sup>Chapter 7 of Part 10 of that Act (annual payments not otherwise charged) or regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013].]

(3) The payment must be made under a liability incurred for consideration in money or money's worth all or any of which—

- (a) consists of a dividend or the right to receive a dividend, or
- (b) is not required to be brought into account in calculating for the purposes of income tax or corporation tax the income of the person making the payment.

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*Changes to legislation: There are currently no known outstanding effects for the  
 Income Tax Act 2007, Cross Heading: Supplementary. (See end of Document for details)*

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- (4) The payment must not be a payment of income—
- (a) which arises under a settlement made by one party to a marriage or civil partnership by way of provision for the other—
    - (i) after the dissolution or annulment of the marriage or civil partnership, or
    - (ii) while they are separated under an order of a court, or under a separation agreement, or if the separation is likely to be permanent, and
  - (b) which is payable to, or applicable for the benefit of, the other party.
- (5) The payment must not be made by an individual for genuine commercial reasons in connection with the individual's trade, profession or vocation.
- (6) The payment must not be made to an individual under a liability incurred at any time in consideration of the individual surrendering, assigning or releasing an interest in settled property to or in favour of a person with a subsequent interest.
- (7) The payment must not be a payment of an annuity granted in the ordinary course of a business of granting annuities.
- (8) In the application of this section to Scotland the reference in subsection (6) to settled property is to be read as a reference to property held in trust.

#### Textual Amendments

- F1** S. 904(2) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 708** (with Sch. 2 Pts. 1, 2)
- F2** Words in s. 904(2)(b)(ii) substituted (6.4.2014) by [The Unauthorised Unit Trusts \(Tax\) Regulations 2013 \(S.I. 2013/2819\)](#), regs. 1(3), **37(14)** (with reg. 32)

#### Modifications etc. (not altering text)

- C1** Pt. 15 modified (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **ss. 551(4), 1329(1)** (with Pts. 1, 2, Sch. 2 para. 78)

## 905 Interpretation of Chapter

In this Chapter “individual” includes a Scottish partnership if at least one partner is an individual.

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading: Supplementary.