

*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 12: Accrued Income Profits

Overview

Chapter 2: Accrued income profits and losses

Section 663: Transfers without accrued interest to makers of manufactured payments

1964. This section reduces the amount of the payment treated as made to the maker of a manufactured payment (the transferee) under section 633 if that person is not an excluded transferee under section 647(3) because the transferee has contracted to sell fewer securities than have been transferred to the transferee. It is based on section 715(6) and (7) of ICTA.
1965. The amount of the payment is treated as reduced to the extent that the maker of the manufactured payment has already contracted to sell securities of that kind. That is, while the maker of the manufactured payment is only an “excluded transferee” in relation to the acquisition of the securities if the securities sold on equal or exceed in amount those acquired, this section abates the amount of the payment under section 633 to the extent the acquisition and onward sale are in fact matched. This again ensures there is not a double charge to tax under Part 11 (manufactured payments and repos) and under the accrued income scheme.