

*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 908: Royalty payments etc made through UK resident agents

2763. This section addresses issues that arise when a payment is made, not by the owner of the right, but by an agent who in turn is entitled to deduct a commission from the payment. It is based on sections 536(3) and (4) and 537B(3) and (4) of ICTA.
2764. The normal rule is that the payment is to be reduced by the amount of commission before calculating the amount that is to be deducted.
2765. But if the agent does not know the amount of commission, or does not know that it is payable, the sum representing income tax must be calculated on the gross amount of the payment, and that amount must be accounted for.