



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 14

#### INCOME TAX LIABILITY: MISCELLANEOUS RULES

#### [<sup>F1</sup>CHAPTER 1A

#### EXEMPTION FOR PERSONS NOT DOMICILED IN UNITED KINGDOM

##### Textual Amendments

- F1** Pt. 14 Ch. 1A inserted (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), s. 52(1)

#### 828A Introduction

This Chapter provides for an exemption from liability to income tax for an individual for a tax year if—

- (a) the individual is UK resident in the tax year but not domiciled in the United Kingdom in the tax year,
- (b) section 809B does not apply to the individual for the tax year, and
- (c) conditions A to F in section 828B are met.

#### 828B Conditions to be met

- (1) Condition A is that in the tax year the individual has income from an employment the duties of which are performed wholly or partly in the United Kingdom.
- (2) Condition B is that, if the individual's income for the tax year consists of or includes relevant foreign earnings—
  - (a) the amount of the relevant foreign earnings does not exceed £10,000, and

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- (b) all of that amount is subject to a foreign tax.
- (3) Condition C is that, if the individual's income for the tax year consists of or includes income that is relevant foreign income by virtue of section 830(2)(e) of ITTOIA 2005—
- (a) the amount of that income does not exceed £100, and
- (b) all of that amount is subject to a foreign tax.
- (4) Condition D is that the individual has no other foreign income and gains for the tax year.
- (5) Condition E is that the individual would not for the tax year be liable to income tax at a rate other than the basic rate [<sup>F2</sup>, the savings basic rate][<sup>F3</sup>, the savings nil rate][<sup>F4</sup>a Scottish rate below the Scottish basic rate,][<sup>F5</sup>, the Scottish basic rate][<sup>F6</sup>, the Scottish intermediate rate][<sup>F7</sup>, the Welsh basic rate] or the starting rate for savings if this Chapter did not apply to the individual for the tax year.
- (6) Condition F is that the individual does not make a return under section 8 of TMA 1970 for the tax year.

#### Textual Amendments

- F2** Words in s. 828B(5) inserted (30.11.2016 with effect in relation to tax year 2017-18 and subsequent tax years) by [Finance Act 2016 \(c. 24\), s. 6\(20\)\(24\)](#); S.I. 2016/1161, [regs. 2, 3](#)
- F3** Words in s. 828B(5) inserted (with effect for the tax year 2016-17 and subsequent years) by [Finance Act 2016 \(c. 24\), s. 4\(10\)\(17\)](#)
- F4** Words in s. 828B(5) inserted (6.4.2018) by [The Scottish Rates of Income Tax \(Consequential Amendments\) Order 2018 \(S.I. 2018/459\), arts. 1\(2\), 6\(7\)\(a\)](#)
- F5** Words in s. 828B(5) inserted (with effect in accordance with Sch. 38 para. 12 of the amending Act) by [Finance Act 2014 \(c. 26\), Sch. 38 para. 9](#)
- F6** Words in s. 828B(5) inserted (6.4.2018) by [The Scottish Rates of Income Tax \(Consequential Amendments\) Order 2018 \(S.I. 2018/459\), arts. 1\(2\), 6\(7\)\(b\)](#)
- F7** Words in s. 828B(5) inserted (24.7.2018) by [Wales Act 2014 \(c. 29\), ss. 9\(9\), 14, 29\(4\)](#); S.I. 2018/892, [art. 3](#) (with [arts. 5, 6, 8](#))

### 828C The exemption

- (1) The exemption is given by deducting the relevant amount from what would otherwise be the amount of the individual's liability to income tax for the tax year under section 23.
- (2) “The relevant amount” is so much of the amount of the individual's liability to income tax as is attributable to the individual's foreign income or gains for the tax year.
- (3) But if for the tax year the individual's total income is reduced by any deductions which fall to be made at Step 3 of the calculation in section 23 from the individual's foreign income or gains for the tax year, subsection (2) has effect as if the individual's foreign income or gains for the tax year were reduced by the amount of the deductions.
- (4) And if the individual is entitled under—
- (a) [<sup>F8</sup>sections 2 and 6 of TIOPA 2010] (double taxation arrangements: relief by agreement), or

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(b) [<sup>F9</sup>section 18(1)(b) and (2)] of that Act (relief for foreign tax where no double taxation arrangements),  
to a tax reduction in respect of the individual's foreign income or gains for the tax year, what would otherwise be the relevant amount is reduced by the amount of that reduction.

#### Textual Amendments

- F8** Words in s. 828C(4)(a) substituted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 8 para. 83\(a\)](#) (with Sch. 9 paras. 1-9, 22)
- F9** Words in s. 828C(4)(b) substituted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 8 para. 83\(b\)](#) (with Sch. 9 paras. 1-9, 22)

### 828D Interpretation of Chapter

- (1) This section applies for the purposes of this Chapter.
- (2) “Employed” and “employment” have the same meaning as in the employment income Parts of ITEPA 2003: see Chapter 1 of Part 2 of that Act.
- (3) “Foreign income and gains”, in relation to an individual, means what would be the individual's foreign income and gains for the purposes of Chapter A1 of this Part if section 809B applied to the individual (see section 809Z7(2)).
- (4) “Foreign tax” means any tax chargeable under the law of a territory outside the United Kingdom.
- (5) “Relevant foreign earnings”, in relation to an individual, means what would be the individual's relevant foreign earnings for the purposes of Chapter A1 of this Part if section 809B applied to the individual (see section 809Z7(3)).]

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 24B inserted by [2023 c. 30 Sch. 2 para. 10\(3\)](#)
- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)