



Income Tax Act 2007

2007 CHAPTER 3

PART 14

INCOME TAX LIABILITY: MISCELLANEOUS RULES

[^{F1}CHAPTER A1

REMITTANCE BASIS

[^{F1}Remittance of income and gains: meaning of “remitted to the United Kingdom”

Textual Amendments

- F1** Pt. 14 Ch. A1 inserted (21.7.2008 with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 1](#) (with [Sch. 7 paras. 85-89](#))

809L Meaning of “remitted to the United Kingdom”

- (1) An individual's income is, or chargeable gains are, “remitted to the United Kingdom” if—
 - (a) conditions A and B are met,
 - (b) condition C is met, or
 - (c) condition D is met.
- (2) Condition A is that—
 - (a) money or other property is brought to, or received or used in, the United Kingdom by or for the benefit of a relevant person, or
 - (b) a service is provided in the United Kingdom to or for the benefit of a relevant person.
- (3) Condition B is that—

Status: Point in time view as at 16/11/2017.

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- (a) the property, service or consideration for the service is (wholly or in part) the income or chargeable gains,
 - (b) the property, service or consideration—
 - (i) derives (wholly or in part, and directly or indirectly) from the income or chargeable gains, and
 - (ii) in the case of property or consideration, is property of or consideration given by a relevant person,
 - (c) the income or chargeable gains are used outside the United Kingdom (directly or indirectly) in respect of a relevant debt, or
 - (d) anything deriving (wholly or in part, and directly or indirectly) from the income or chargeable gains is used as mentioned in paragraph (c).
- (4) Condition C is that qualifying property of a gift recipient—
- (a) is brought to, or received or used in, the United Kingdom, and is enjoyed by a relevant person,
 - (b) is consideration for a service that is enjoyed in the United Kingdom by a relevant person, or
 - (c) is used outside the United Kingdom (directly or indirectly) in respect of a relevant debt.
- (5) Condition D is that property of a person other than a relevant person (apart from qualifying property of a gift recipient)—
- (a) is brought to, or received or used in, the United Kingdom, and is enjoyed by a relevant person,
 - (b) is consideration for a service that is enjoyed in the United Kingdom by a relevant person, or
 - (c) is used outside the United Kingdom (directly or indirectly) in respect of a relevant debt,
- in circumstances where there is a connected operation.
- (6) In a case where subsection (4)(a) or (b) or (5)(a) or (b) applies to the importation or use of property, the income or chargeable gains are taken to be remitted at the time the property or service is first enjoyed by a relevant person by virtue of that importation or use.
- (7) In this section “relevant debt” means a debt that relates (wholly or in part, and directly or indirectly) to—
- (a) property falling within subsection (2)(a),
 - (b) a service falling within subsection (2)(b),
 - (c) qualifying property dealt with as mentioned in subsection (4)(a),
 - (d) a service falling within subsection (4)(b),
 - (e) qualifying property dealt with as mentioned in subsection (5)(a), or
 - (f) a service falling within subsection (5)(b).
- ^{F2}(8)
- (9) The cases in which [^{F3}property (including income or chargeable gains) is used in respect of a debt include cases where the property is] used to pay interest on the debt.
- (10) This section is subject to sections 809V to 809Z6 (property treated as not remitted to the United Kingdom).

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Textual Amendments

- F2** S. 809L(8) omitted (retrospective to 22.4.2009) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 27 paras. 6\(2\), 15\(2\)](#)
- F3** Words in s. 809L(9) substituted (retrospective to 22.4.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 27 paras. 6\(3\), 15\(2\)](#)

809M Meaning of “relevant person”

- (1) This section applies for the purposes of [^{F4}this Chapter].
- (2) A “relevant person” is—
- the individual,
 - the individual's husband or wife,
 - the individual's civil partner,
 - a child or grandchild of a person falling within any of paragraphs (a) to (c), if the child or grandchild has not reached the age of 18,
 - a close company in which a person falling within any other paragraph of this subsection is a participator [^{F5}or a company which is a 51% subsidiary of such a close company],
 - a company in which a person falling within any other paragraph of this subsection is a participator, and which would be a close company if it were resident in the United Kingdom, [^{F6}or a company which is a 51% subsidiary of such a company,]
 - the trustees of a settlement of which a person falling within any other paragraph of this subsection is a beneficiary, or
 - a body connected with such a settlement.
- (3) For that purpose—
- a man and woman living together as husband and wife are treated as if they were husband and wife,
 - two people of the same sex living together as if they were civil partners of each other are treated as if they were civil partners of each other,
 - “close company” [^{F7}is to be read in accordance with Chapter 2 of Part 10 of CTA 2010 (see in particular section 439 of that Act)],
- [^{F8}(ca) “participator”, in relation to a close company, means a person who is a participator in relation to the company for the purposes of [^{F9}section 455 of CTA 2010 (see sections 454 and 455(5) of] that [^{F10}Act) and, in relation to a company that would be a close company if it were resident in the United Kingdom, means a person who would be such a participator if it were a close company,]
- “51% subsidiary” has the same meaning as in the Corporation Tax Acts (see [^{F11}Chapter 3 of Part 24 of CTA 2010]),]
 - “settlement” and “settlor” have the same meaning as in Chapter 2 of Part 9,
 - “beneficiary”, in relation to a settlement, means any person who receives, or may receive, any benefit under or by virtue of the settlement,
 - “trustee” has the same meaning as in section 993 (see, in particular, section 994(3)), and

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- (g) a body is “connected with” a settlement if the body falls within section 993(3)(c), (d), (e) or (f) as regards the settlement.

Textual Amendments

- F4** Words in s. 809M(1) substituted (17.7.2012) (with effect in accordance with Sch. 12 para. 17 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 12 para. 13](#)
- F5** Words in s. 809M(2)(e) inserted (retrospective to 22.4.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 27 paras. 7\(2\), 15\(2\)](#)
- F6** Words in s. 809M(2)(f) inserted (retrospective to 6.4.2010) by [Finance Act 2010 \(c. 13\)](#), [s. 33\(2\)\(4\)](#)
- F7** Words in s. 809M(3)(c) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [s. 1184\(1\)](#), [Sch. 1 para. 552\(a\)](#) (with Sch. 2)
- F8** S. 809M(3)(ca)(cb) inserted (retrospective to 22.4.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 27 paras. 7\(3\), 15\(2\)](#)
- F9** Words in s. 809M(3)(ca) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [s. 1184\(1\)](#), [Sch. 1 para. 552\(b\)](#) (with Sch. 2)
- F10** Words in s. 809M(3)(ca) substituted (retrospective to 6.4.2010) by [Finance Act 2010 \(c. 13\)](#), [s. 33\(3\)\(4\)](#)
- F11** Words in s. 809M(3)(cb) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [s. 1184\(1\)](#), [Sch. 1 para. 552\(c\)](#) (with Sch. 2)

Modifications etc. (not altering text)

- C1** [S. 809M\(3\)\(a\)\(b\)](#) applied (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 8 para. 42\(4\)](#)

809N Section 809L: gift recipients, qualifying property and enjoyment

- (1) This section applies for the purposes of determining whether or not income or chargeable gains of an individual are remitted to the United Kingdom by virtue of condition C in section 809L.
- (2) A “gift recipient” means a person, other than a relevant person, to whom the individual makes a gift of money or other property that—
 - (a) is income or chargeable gains of the individual, or
 - (b) derives (wholly or in part, and directly or indirectly) from income or chargeable gains of the individual.
- (3) The question of whether or not a person is a relevant person is to be determined by reference to the time when a gift is made.
- (4) But, if a person to whom a gift is made subsequently becomes a relevant person, the person ceases to be a gift recipient.
- (5) The individual “makes a gift of” property if the individual disposes of the property—
 - (a) for no consideration, or
 - (b) for consideration less than the full consideration in money or money's worth that would be given if the disposal were by way of a bargain made at arm's length;
 but, in a case falling in paragraph (b), the individual is to be taken to make a gift of only so much of the property as exceeds the consideration actually given.
- (6) A reference to the individual making a gift of property includes a case where—
 - (a) the individual retains an interest in the property, or

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- (b) an interest, right or arrangement enables or entitles the individual to benefit from the property.
- (7) “Qualifying property”, in relation to a gift recipient, is—
- (a) the property that the individual gave to the gift recipient,
 - (b) anything that derives (wholly or in part, and directly or indirectly) from that property, or
 - (c) any other property, but only if it is dealt with as mentioned in section 809L(4)
 - (a), (b) or (c) by virtue of an operation which is effected—
 - (i) with reference to the gift of the property to the gift recipient, or
 - (ii) with a view to enabling or facilitating the gift of the property to the gift recipient to be made.
- (8) In subsection (7)—
- (a) the reference in paragraph (b) to anything deriving from property, and
 - (b) the reference in paragraph (c) to other property,
- includes a thing, or property, that does not belong to the individual but which the individual is enabled or entitled to benefit from by virtue of any interest, right or arrangement.
- (9) Enjoyment by a relevant person of property or a service is to be disregarded in any of these cases—
- (a) if the property or service is enjoyed virtually to the entire exclusion of all relevant persons,
 - (b) if full consideration in money or money's worth is given by a relevant person for the enjoyment, or
 - (c) if the property or service is enjoyed by relevant persons in the same way, and on the same terms, as it may be enjoyed by the general public or by a section of the general public.

809O Section 809L: dealings where there is a connected operation

- (1) This section applies for the purposes of determining whether or not income or chargeable gains of an individual are remitted to the United Kingdom by virtue of condition D in section 809L.
- (2) For the purposes of section 809L(5), the question of whether or not the person whose property is dealt with as mentioned in paragraph (a), (b) or (c) of section 809L(5) is a relevant person is to be determined by reference to the time when the property is so dealt with.
- (3) A “connected operation”, in relation to property dealt with as mentioned in section 809L(5)(a), (b) or (c), means an operation which is effected—
- (a) with reference to a qualifying disposition, or
 - (b) with a view to enabling or facilitating a qualifying disposition.
- (4) A “qualifying disposition” is a disposition that—
- (a) is made by a relevant person,
 - (b) is made to, or for the benefit of, the person whose property is dealt with as mentioned in section 809L(5)(a), (b) or (c), and
 - (c) is a disposition of money or other property that is, or derives (wholly or in part, and directly or indirectly) from, income or chargeable gains of the individual.

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- (5) But a disposition of property is not a qualifying disposition if the disposition is, or is part of, the giving of full consideration in money or money's worth for the dealing that falls within section 809L(5)(a), (b) or (c).
- (6) Enjoyment by a relevant person of property or a service is to be disregarded in any of these cases—
- (a) if the property or service is enjoyed virtually to the entire exclusion of all relevant persons,
 - (b) if full consideration in money or money's worth is given by a relevant person for the enjoyment, or
 - (c) if the property or service is enjoyed by relevant persons in the same way, and on the same terms, as it may be enjoyed by the general public or by a section of the general public.]

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