



Income Tax Act 2007

2007 CHAPTER 3

PART 15

DEDUCTION OF INCOME TAX AT SOURCE

CHAPTER 15

COLLECTION: DEPOSIT-TAKERS, BUILDING SOCIETIES AND CERTAIN COMPANIES

Set-off

952 Conditions for a set-off claim

- (1) A person who makes a section 946 payment may make a set-off claim if conditions A and B are met at the end of a return period which falls within an accounting period of the person.
- (2) Condition A is that in the return period the person has—
 - (a) made a section 946 payment, or
 - (b) received a payment on which the person has suffered income tax by deduction.
- (3) Condition B is that at the end of the return period there is—
 - (a) a net amount of income tax suffered (see subsection (4)), and
 - (b) a net amount of income tax payable (see subsection (5)).
- (4) There is a net amount of income tax suffered at the end of a return period if—
 - (a) the person has received any payments on which income tax has been suffered by deduction in the return period or in any previous return period which falls within the accounting period, and
 - (b) the amount of income tax so suffered by the person on those payments exceeds the amount of such income tax treated as repaid for the accounting period to date as a result of any previous set-off claim.

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- (5) There is a net amount of income tax payable at the end of a return period if—
- (a) the person has made any section 946 payments in the return period or in any previous return period which falls within the accounting period, and
 - (b) the amount of income tax payable by the person in respect of those payments exceeds the amount of such income tax treated as paid for the accounting period to date as a result of any previous set-off claim.

Modifications etc. (not altering text)

- C1** S. 952 excluded (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), **ss. 610(3)(iii)**, 1184(1) (with [Sch. 2](#))

953 How a set-off claim works

- (1) A set-off claim is a claim for the net amount of income tax suffered at the end of the return period to be set off against the net amount of income tax payable at the end of the return period.
- (2) The effect of a claim is that, to the extent of the set-off—
 - (a) the income tax comprised in the net amount of income tax suffered is treated as repaid, and
 - (b) the income tax comprised in the net amount of income tax payable is treated as paid.
- (3) Accordingly—
 - (a) any liability of the person making the set-off claim to pay any of the income tax treated as paid under subsection (2)(b) is discharged, and
 - (b) any of that income tax which has been paid is to be repaid to the person.
- (4) A set-off claim must be made in a return under section 949 for the return period.
- (5) A return may be made under that section for the purposes of making a set-off claim despite the fact that the person making the claim may not have made any section 946 payments in the return period.
- (6) Income tax suffered which is taken into account in a set-off claim may not also be taken into account for the purposes of—
 - (a) [^{F1}section 967 of CTA 2010] (income tax deducted from payments to UK resident company to be set off against corporation tax), or
 - (b) [^{F2}section 968] of that Act (income tax deducted from payments to non-UK resident company to be set off against corporation tax).
- (7) Income tax suffered by a deposit-taker is to be taken into account in a set-off claim only if the payment on which the income tax is suffered is to be taken into account in calculating the deposit-taker's liability to corporation tax.
 “Deposit-taker” has the same meaning as in Chapter 2 (see section 853).

Textual Amendments

- F1** Words in s. 953(6)(a) 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. 558(a)** (with [Sch. 2](#))

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F2 Words in s. 953(6)(b) 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. 558\(b\)](#) (with [Sch. 2](#))

954 Proceedings begun after a set-off claim is made

- (1) If a set-off claim has been made no proceedings for collecting income tax which would have to be discharged if the claim were allowed may be brought until the claim is finally determined.
- (2) Subsection (1) does not affect the date when the income tax is due.
- (3) Any income tax underpaid as a result of this section must be paid when the claim is finally determined.
- (4) In this section “proceedings” includes proceedings by way of distraint or attachment.

955 Proceedings begun before a set-off claim is made

- (1) This section applies if—
 - (a) a person has made a set-off claim, and
 - (b) before the claim was made, proceedings were brought for collecting income tax assessed, or interest on income tax assessed, under section 956 or 957.
- (2) No effect is to be given to the set-off claim so as to affect or delay the collection or recovery of the income tax, or of interest on that income tax, until the claim is finally determined.
- (3) Any income tax overpaid as a result of this section must be repaid when the claim is finally determined.
- (4) In this section “proceedings” includes proceedings by way of distraint or attachment [^{F3}or under Schedule 12 to the Tribunals, Courts and Enforcement Act 2007 (taking control of goods)].

Textual Amendments

F3 Words in s. 955(4) inserted (6.4.2014) by [Tribunals, Courts and Enforcement Act 2007 \(c. 15\)](#), s. 148, [Sch. 13 para. 157](#) (with s. 89); S.I. 2014/768, art. 2(1)(b)

Changes to legislation:

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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.)