



Finance Act 2016

2016 CHAPTER 24

PART 1

INCOME TAX

Deduction at source

40 Deduction of income tax at source: intellectual property

- (1) Part 15 of ITA 2007 (deduction from other payments connected with intellectual property) is amended as specified in subsections (2) and (3).
- (2) In section 906 (certain royalties etc where usual place of abode of owner is abroad), for subsections (1) to (3) substitute—

“(1) This section applies to any payment made in a tax year where condition A or condition B is met.

(2) Condition A is that—

- (a) the payment is a royalty, or a payment of any other kind, for the use of, or the right to use, intellectual property (see section 907),
- (b) the usual place of abode of the owner of the intellectual property is outside the United Kingdom, and
- (c) the payment is charged to income tax or corporation tax.

(3) Condition B is that—

- (a) the payment is a payment of sums payable periodically in respect of intellectual property,
- (b) the person entitled to those sums (“the assignor”) assigned the intellectual property to another person,
- (c) the usual place of abode of the assignor is outside the United Kingdom, and
- (d) the payment is charged to income tax or corporation tax.”

Status: This is the original version (as it was originally enacted).

(3) For section 907 substitute—

“907 Meaning of “intellectual property”

- (1) In section 906 “intellectual property” means—
- (a) copyright of literary, artistic or scientific work,
 - (b) any patent, trade mark, design, model, plan, or secret formula or process,
 - (c) any information concerning industrial, commercial or scientific experience, or
 - (d) public lending right in respect of a book.
- (2) In this section “copyright of literary, artistic or scientific work” does not include copyright in—
- (a) a cinematographic film or video recording, or
 - (b) the sound-track of a cinematographic film or video recording, except so far as it is separately exploited.”
- (4) The amendments made by subsections (2) and (3) have effect in respect of payments made on or after 28 June 2016.
- (5) In determining whether section 906 of ITA 2007 applies to a payment, no regard is to be had to any arrangements the main purpose of which, or one of the main purposes of which, is to avoid the effect of the amendments made by this section.
- (6) Where arrangements are disregarded under subsection (5) in relation to a payment which—
- (a) is made before 28 June 2016, and
 - (b) is due on or after that day,
- the payment is to be regarded for the purposes of section 906 of ITA 2007 as made on the date on which it is due.
- (7) In determining the date on which a payment is due for the purposes of subsection (6), disregard the arrangements referred to in that subsection.
- (8) In this section “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable and whether entered into before, or on or after, 28 June 2016).