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STATUTORY INSTRUMENTS

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**2002 No. 2006**

The Tax Credits (Definition and  
Calculation of Income) Regulations 2002

PART 2

Income for the purposes of tax credits

CHAPTER 7

*Investment Income*

**Investment income**

- 10.**—(1) In these Regulations “investment income” means the gross amount of—
- (a) any interest of money, whether yearly or otherwise, or any annuity or other annual payment, whether such payment is payable within or out of the United Kingdom, either as a charge on any property of the person paying it by virtue of any deed or will or otherwise, or as a reservation out of it, or as a personal debt or obligation by virtue of any contract, or whether the payment is received and payable half-yearly or at any shorter or longer periods, but not including property income;
  - (b) any discounts on securities;
  - (c) any income from securities payable out of the public revenues of the United Kingdom or Northern Ireland;
  - (d) dividends and other distributions of a company resident in the United Kingdom and any tax credit associated with that payment; and
  - (e) any amount treated as forming part of the individual’s income for the year for income tax purposes by virtue of [<sup>F1</sup>Chapter 9 of Part 4 of ITTOIA disregarding section 535 (top slicing relief).]

This is subject to the following qualification.

- (2) In calculating investment income, there shall be disregarded—
- (a) any amount listed in column 1 of Table 4 to the extent shown in the corresponding entry in column 2;
  - (b) any amount listed in column 1 of Table 5 during the period shown in the corresponding entry in column 2;
  - (c) any income arising from savings certificates, and interest on tax reserve certificates, exempted from tax by [<sup>F2</sup>section 692, 693 or 750 of ITTOIA] (savings certificates and tax reserve certificates);
  - (d) the first £70 in any tax year of interest on deposits with National Savings and Investments, exempted from income tax by [<sup>F3</sup>section 691 of ITTOIA (National Savings Bank ordinary account interest)].

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- (e) any payment to a claimant which does not form part of his income for the purposes of income tax by virtue of [<sup>F4</sup>section 727 of ITTOIA (certain annual payments by individuals)]<sup>F5</sup>; and
- (f) any interest on a payment made under, or in connection with, the Windrush Compensation Scheme administered by the Home Office, for the period beginning on the date on which the payment is made and ending 52 weeks after that date].

**Table 4**

## Payments disregarded in the calculation of investment income

<b>1. Description of income to be disregarded</b>	<b>2. Extent of disregard</b>
1. Any interest, dividends, distributions, profits or gains in respect of investments under—	The whole amount, unless it is interest under a personal equity plan to which regulation 17A(2) of the Personal Equity Plan Regulations 1989
(a) a Personal Equity Plan, or	<sup>M2</sup>
(b) an Individual Savings Account, in respect of which the claimant is entitled to relief from income tax under [ <sup>F6</sup> Chapter 3 of Part 6 of ITTOIA], or which is taxed only in accordance with regulation 23 of the Individual Savings Account Regulations 1998 <sup>M1</sup> .	applies. Interest to which that paragraph applies is disregarded only to the extent that it does not exceed the annual limit of £180 mentioned in that regulation.
2.	<sup>F7</sup>
<sup>F7</sup>	...
...	
[ <sup>F8</sup> 3. Any interest payable under a certified SAYE savings arrangement for the purposes of Chapter 4 of Part 6 of ITTOIA.]	The whole amount.
4. Any winnings from betting, including pool betting, or lotteries or games with prizes.	The whole amount.
5. Any interest on a payment of £10,000 made by the Secretary of State to a person who was held prisoner by the Japanese during the Second World War or to the spouse of such a person, if the payment is held in a distinct account and no payment (other than interest) has been added to the account.	The whole amount of the interest.
6. Any interest on a payment made to the claimant by, or on behalf of a government of a country outside the United Kingdom, either from its own resources or with contributions from any other organisation, by way of compensation for a victim of National Socialism if the payment is held in a distinct account and no payment (other than interest) has been added to the account.	The whole amount of the interest.

Here a reference to a victim of National Socialism is a reference to a person who was required to work as a slave or a forced labourer for National Socialists or their sympathisers during the Second World War, or suffered property loss, or suffered injury or is the parent of a child who died, at the hands of National Socialists or their sympathisers during the Second World War.

7. Any monies paid to the claimant by a bank or building society as compensation in respect of an unclaimed account held by a Holocaust victim and which vested in the Custodian of Enemy Property under section 7 of the Trading with the Enemy Act 1939<sup>M3</sup> and treated as exempt from income tax by [<sup>F9</sup>section 756A of ITTOIA.] The amount [<sup>F10</sup>of interest exempted from income tax under section 756A of ITTOIA.]

8. Any interest, or payment<sup>F11</sup>..., which is disregarded for income tax purposes by virtue of— The amount so disregarded.

[<sup>F12</sup>(a) section 751 of ITTOIA (interest on damages for personal injury), or]

(b) [<sup>F13</sup>section 731 of ITTOIA (periodical payments of personal injury damages)] (personal injury damages in the form of periodical payments).

[<sup>F14</sup>9.] Annuity payments under an award of compensation made under the Criminal Injuries Compensation Scheme (within the meaning of [<sup>F15</sup>section 732(3) of ITTOIA]) [<sup>F16</sup>or under the Victims of Overseas Terrorism Compensation Scheme 2012 or any corresponding scheme established under section 47 of the Crime and Security Act 2010]. [<sup>F17</sup>The amount to which no liability to income tax arises under section 732 of ITTOIA.]

[<sup>F14</sup>10.] A payment under a life annuity. The amount of interest eligible for relief under section 353 of the Taxes Act by virtue of section 365 of that Act.

[<sup>F14</sup>11.] Any interest, or payment in respect of interest, which is compensation to a person who is under the age of 18 years for the death of one or both of his parents. The whole of the interest or payment.

[<sup>F18</sup>12. A purchased life annuity to which [<sup>F19</sup>Chapter 7 of Part 4 of ITTOIA] applies. [<sup>F20</sup>The amount exempted under section 717 of ITTOIA as calculated under section 719 of that Act.]]

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[<sup>F21</sup>13. Any payments which are exempt from income tax by virtue of— [<sup>F21</sup>The whole amount.]

(a) section 725 of ITTOIA (annual payments under immediate needs annuities), or

(b) section 735 of ITTOIA (health and employment insurance payments).]

F22

F22

. . .

. . .

[<sup>F23</sup>15. Any payment of, or in respect of, a government bonus under section 1 [<sup>F24</sup>or 2] of the Savings (Government Contributions) Act 2017.] [<sup>F23</sup>The whole amount.]

**Table 5**

Payments in connection with very severe disablement, Creutzfeldt-Jakob disease and haemophilia

<i>1. Description of income to be disregarded</i>	<i>2. Applicable period</i>
1. A trust payment made to— (a) a diagnosed person; (b) the diagnosed person’s partner; or (c) the person who was his partner at the date of his death.	The period beginning on the date on which the trust payment is made and ending with the death of the person to whom the payment is made.
2. A trust payment made to a parent of a deceased diagnosed person, or a person acting in the place of his parent.	The period beginning on the date on which the trust payment is made and ending two years after that date.
3. The amount of any payment out of the estate of a person to whom a trust payment has been made, which is made to the person who was the diagnosed person’s partner at the date of his death.	The period beginning on the date on which the payment is made and ending on the date on which that person dies.
4. The amount of any payment out of the estate of a person to whom a trust payment has been made, which is made to a parent of a deceased diagnosed person, or a person acting in the place of his parent.	The period beginning on the date on which the payment is made and ending two years after that date.

(3) The amounts disregarded under items 3 and 4 in Table 5 shall not exceed the total amount of any trust payments made to the person to whom the trust payment had been made.

(4) In this regulation “diagnosed person” means—

(a) a person who has been diagnosed as suffering from, or who after his death has been diagnosed as having suffered from, variant Creutzfeldt-Jakob disease;

- (b) a person who is suffering or has suffered from haemophilia; or
- (c) a person in respect of whom a payment has been made from the 1992 Fund, the Eileen Trust or the Independent Living Funds; and

a reference to a person being a member of the diagnosed person's household at the date of the diagnosed person's death includes a person who would have been a member of his household but for the diagnosed person being in residential accommodation, a residential care home or a nursing home on that date.

(5) In this regulation—

“relevant trust” means—

- (a) a trust established out of funds provided by the Secretary of State in respect of persons who suffered, or who are suffering, from variant Creutzfeldt-Jakob disease for the benefit of persons eligible for payments in accordance with its provisions;
- (b) the Macfarlane Trusts, or
- (c) the 1992 Fund, the Eileen Trust or the Independent Living Funds.

“residential accommodation”, “residential care home” and “nursing home” have the meanings given by regulation 2(1) of the Income Support (General) Regulations 1987; and

“trust payment” means a payment under a relevant trust.

#### Textual Amendments

- F1** Words in reg. 10(1)(e) substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **14(2)**
- F2** Words in reg. 10(2)(c) substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **14(3)(a)**
- F3** Words in reg. 10(2)(d) substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **14(3)(b)**
- F4** Words in reg. 10(2)(e) substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **14(3)(c)**
- F5** Reg. 10(2)(f) and preceding word inserted (21.3.2019) by [The Tax Credits, Child Benefit and Childcare Payments \(Miscellaneous Amendments\) Regulations 2019 \(S.I. 2019/364\)](#), regs. 1, **3(4)**
- F6** Words in reg. 10 Table 4 Item 1 substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **14(4)(a)**
- F7** Reg. 10 Table 4 Item 2 omitted (6.4.2006) by virtue of [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **14(4)(b)**
- F8** Reg. 10 Table 4 Item 3 substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **14(4)(c)**
- F9** Words in reg. 10 Table 4 Item 7 substituted (6.4.2007) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2007 \(S.I. 2007/824\)](#), regs. 1, **12(2)**
- F10** Words in reg. 10 Table 4 Item 7 substituted (6.4.2007) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2007 \(S.I. 2007/824\)](#), regs. 1, **12(3)**
- F11** Words in reg. 10 Table 4 Item 8 omitted (6.4.2006) by virtue of [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **14(4)(d)(i)**
- F12** Reg. 10 Table 4 Item 8(a) substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **14(4)(d)(ii)**
- F13** Words in reg. 10 Table 4 Item 8 substituted (6.4.2006) by [The Tax Credits \(Miscellaneous Amendments\) Regulations 2006 \(S.I. 2006/766\)](#), regs. 1, **14(4)(d)(iii)**
- F14** Reg. 10 Table 4 Items 10, 11, 12 renumbered as reg. 10 Table 4 Items 9, 10, 11 (6.4.2003) by [The Tax Credits \(Definition and Calculation of Income\) \(Amendment\) Regulations 2003 \(S.I. 2003/732\)](#), regs. 1, **9**

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- F15** Words in reg. 10 Table 4 Item 9 substituted (6.4.2006) by The Tax Credits (Miscellaneous Amendments) Regulations 2006 (S.I. 2006/766), regs. 1, **14(4)(e)(i)**
- F16** Words in reg. 10(2) Table 4 inserted (27.10.2023) by The Child Benefit and Tax Credits (Miscellaneous Amendments) Regulations 2023 (S.I. 2023/1139), regs. 1, **3(2)(a)**
- F17** Words in reg. 10(2) Table 4 substituted (27.10.2023) by The Child Benefit and Tax Credits (Miscellaneous Amendments) Regulations 2023 (S.I. 2023/1139), regs. 1, **3(2)(b)**
- F18** Reg. 10 Table 4 Item 12 inserted (26.11.2003) by The Tax Credits (Miscellaneous Amendments No.2) Regulations 2003 (S.I. 2003/2815), regs. 1, **8(2)**
- F19** Words in reg. 10 Table 4 Item 12 substituted (6.4.2006) by The Tax Credits (Miscellaneous Amendments) Regulations 2006 (S.I. 2006/766), regs. 1, **14(4)(f)(i)**
- F20** Words in reg. 10 Table 4 Item 12 substituted (6.4.2006) by The Tax Credits (Miscellaneous Amendments) Regulations 2006 (S.I. 2006/766), regs. 1, **14(4)(f)(ii)**
- F21** Reg. 10 Table 4 Item 13 added (6.4.2006) by The Tax Credits (Miscellaneous Amendments) Regulations 2006 (S.I. 2006/766), regs. 1, **14(4)(g)**
- F22** Reg. 10 Table 4 Item 14 omitted (6.4.2018) by virtue of The Tax Credits and Childcare (Miscellaneous Amendments) Regulations 2018 (S.I. 2018/365), regs. 1, **2(4)(a)**
- F23** Reg. 10 Table 4 Item 15 inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Tax Credits (Definition and Calculation of Income) (Amendment) Regulations 2017 (S.I. 2017/396), regs. 1(1), **4**
- F24** Words in reg. 10 Table 4 Item 15 inserted (6.4.2018) by The Tax Credits and Childcare (Miscellaneous Amendments) Regulations 2018 (S.I. 2018/365), regs. 1, **2(4)(b)**

#### Modifications etc. (not altering text)

- C1** Reg. 10 restricted (16.6.2011) by The Taxation of Equitable Life (Payments) Order 2011 (S.I. 2011/1502), arts. 1, **6**
- C2** Reg. 10(1) modified (E.W.S.) (29.4.2013) by The Universal Credit (Transitional Provisions) Regulations 2013 (S.I. 2013/386), regs. 1(2), 17, **Sch. para. 24(a)(b)**
- C3** Reg. 10(2) modified (E.W.S.) (29.4.2013) by The Universal Credit (Transitional Provisions) Regulations 2013 (S.I. 2013/386), regs. 1(2), 17, **Sch. para. 24(c)**

#### Marginal Citations

- M1** S.I. 1998/1870: there are amendments which are not relevant for the purposes of this instrument.
- M2** S.I. 1989/469: regulation 17A was inserted by S.I. 1991/733 and amended by S.I. 1991/2774, 1995/3287 and 1996/846.
- M3** 1939 c.89. There is an amendment to section 7 which is not relevant for present purposes.

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**Changes and effects yet to be applied to :**

- Regulations amendment to earlier affecting provisions S.I. 2014/1230, reg. 12A, Sch. paras. 12-23 by [S.I. 2024/341 reg. 8\(3\)\(4\)](#)