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STATUTORY INSTRUMENTS

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**2009 No. 2859**

**The Income Tax Act 2007 (Amendment) (No. 2) Order 2009**

**Amendment of the Income Tax Act 2007**

4.—(1) The Income Tax Act 2007 is amended as follows.

(2) In section 29 (calculation of income tax liability: supplementary provisions about tax reductions)—

- (a) in subsection (4)(a) for “section 796(1) and (2) of ICTA” substitute “section 796(1), (2) and (3) of ICTA”, and
- (b) after subsection (4) insert—

“(4A) If the taxpayer is an individual, the total of the tax reductions within subsection (4B) that are deducted at Step 6 must not be greater than—

$$A - B$$

where—

A is the amount of tax calculated at Step 5, and

B is the total amount of the tax treated under section 414 (gift aid) as deducted from gifts made by the taxpayer in the tax year.

(4B) A tax reduction is within this subsection if it is under—

Chapter 1 of Part 5 (EIS relief),

Chapter 2 of Part 6 (VCT relief), or

Chapter 1 of Part 7 (community investment tax relief).

(4C) Subsection (4A) applies in addition to subsections (2) and (3).”.

(3) In section 424(2) (gift aid: charge to tax: interpretation) for paragraph (b) of the definition of “amount C” substitute—

“(b) the amount of capital gains tax to which the individual would be chargeable for the tax year if the following were ignored—

- (i) any relief under section 788 of ICTA (double taxation arrangements: relief by agreement), and
- (ii) any relief under section 790(1) of ICTA (relief for foreign tax where no double taxation arrangements).”.

(4) In section 772(1) (transactions in land: interpretation) for “income tax purposes apart from” substitute “purposes of the Tax Acts otherwise than as a result of section 776 of ICTA or”.

(5) In section 777(7) (sales of occupation income: conditions for sections 778 and 779 to apply) for “income tax purposes apart from” substitute “purposes of the Tax Acts otherwise than as a result of”.

(6) In paragraph 193 of Schedule 1 (which amends section 796 of the Income and Corporation Taxes Act 1988)—

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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- (a) for sub-paragraph (4) (which provides for the repeal of section 796(3) of the 1988 Act except as applied by section 277(1) of the Taxation of Chargeable Gains Act 1992<sup>(1)</sup>) substitute—
    - “(4) In subsection (3) for “less any income tax which he is entitled to charge against any other person” substitute “less the total amount of the tax treated under section 414 of ITA 2007 (gift aid) as deducted from gifts made by him in that year”.”, and
  - (b) in sub-paragraph (5)<sup>(2)</sup> (which provides for paragraph 193 not to apply to section 796 of the 1988 Act as applied by section 277(1) of the 1992 Act) for “This paragraph does not” substitute “Sub-paragraphs (2) and (3) do not”.
- (7) In Part 1 of Schedule 3 (repeals) omit—
- (a) the entry for section 796(3) of the Income and Corporation Taxes Act 1988, and
  - (b) the note<sup>(3)</sup> at the end of that Part of that Schedule, relating to that entry.

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<sup>(1)</sup> 1992 c. 12.

<sup>(2)</sup> Paragraph 193(5) was inserted by article 3(5) of the Income Tax Act 2007 (Amendment) (No. 3) Order 2007 (S.I. 2007/3506).

<sup>(3)</sup> The note was inserted by article 3(6) of the Income Tax Act 2007 (Amendment) (No. 3) Order 2007.