

Income tax charged by deduction. FA74 s5(2) and (3) 16.—(1) In estimating under the Income Tax Acts the total income of any person, any income chargeable with tax by means of deduction at the standard rate in force for any year shall be deemed to be income of that year, and any deductions allowable on account of sums payable under deduction of tax at the standard rate in force for any year out of the property or profits of that person shall be allowed as deductions in respect of that year, notwithstanding that the income or sums, as the case may be, accrued or will accrue in whole or in part before or after that year.

(2) Where a person is required to be assessed and charged with tax in respect of any property, profits or gains out of which such person makes any payment in respect of any annual interest, annuity or other annual sum, or any royalty or other sum in respect of the user of a patent, such person shall, in respect of so much of the property, profits or gains as is equal to that payment and may be deducted in computing such person's total income, be charged at the standard rate only.