

PART 8 Annual Payments, Charges and Interest

CHAPTER 1 Annual payments

Annual payments payable wholly out of taxed income. ITA67 s433; FA69 s33 and Sch4 Ptl; FA74 s5(1); CTA76 s164 and Sch4 Ptl; FA89 s89(1); FA96 s132(1) and Sch5 Ptl par1(19) 237.—(1) Where any annuity or any other annual payment apart from yearly interest of money (whether payable in or outside the State, either as a charge on any property of the person paying the same by virtue of any deed or will or otherwise, or as a reservation thereout, or as a personal debt or obligation by virtue of any contract, or whether payable half-yearly or at any shorter or more distant periods), is payable wholly out of profits or gains brought into charge to income tax—

(a) the whole of those profits or gains shall be assessed and charged with income tax on the person liable to the annuity or annual payment, without distinguishing the same,

(b) the person liable to make such payment, whether out of the profits or gains charged with tax or out of any annual payment liable to deduction, or from which a deduction has been made, shall be entitled on making such payment to deduct and retain out of such payment a sum representing the amount of the income tax on such payment at the standard rate of income tax for the year in which the amount payable becomes due,

(c) the person to whom such payment is made shall allow such deduction on the receipt of the residue of such payment, and

(d) the person making such deduction shall be acquitted and discharged of so much money as is represented by the deduction as if that sum had been actually paid.

(2) Where any royalty or other sum is paid in respect of the user of a patent wholly out of profits or gains brought into charge to income tax, the person paying the royalty or other sum shall be entitled on making the payment to deduct and retain out of the payment a sum representing the amount of income tax on the payment at the standard rate of income tax for the year in which the royalty or other sum payable becomes due.

(3) This section shall not apply to any rents or other sums in respect of which the person entitled to them is chargeable to tax under Case V of Schedule D or would be so chargeable but for any exemption from tax.