

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Cross Heading: Matching credit for tax spared below immediate overseas subsidiary: unilateral relief. (See end of Document for details)

SCHEDULES

SCHEDULE 30 **U.K.**

DOUBLE TAXATION RELIEF

Matching credit for tax spared below immediate overseas subsidiary: unilateral relief

- 3 (1) Amend section 790 of the Taxes Act 1988 (unilateral relief) as follows.
- (2) In subsection (3) (which postulates notional arrangements containing the provisions specified in subsections (4) to (10) of that section) for “(10)” substitute “(10C)”.
- (3) After subsection (10) (credit for underlying tax under section 801) insert—
- “(10A) In any case where—
- (a) under the law of the territory outside the United Kingdom, an amount of tax (“the spared tax”) would, but for a relief, have been payable by a company resident in that territory (“company A”) in respect of any of its profits,
 - (b) company A pays a dividend out of those profits to another company resident in that territory (“company B”),
 - (c) company B, out of profits which consist of or include the whole or part of that dividend, pays a dividend to a company resident in the United Kingdom (“company C”), and
 - (d) the circumstances are such that, had company B been resident in the United Kingdom, it would have been entitled, under arrangements made with the government of the territory outside the United Kingdom and having effect by virtue of section 788, to a relief to which subsection (5) of that section applies in respect of the spared tax,
- subsection (10B) below shall apply.
- (10B) In any case falling within subsection (10A) above, the spared tax shall be taken into account for the purposes of—
- (a) the other provisions of this section, and
 - (b) subject to section 795(3), Chapter II of this Part in its application to relief under this section in relation to the dividend paid to company C,
- as if it had been payable and paid; and references in this section and that Chapter to double taxation, to tax payable or chargeable, or to tax not chargeable directly or by deduction shall be construed accordingly.
- (10C) Except as provided by subsection (10B) above, in relation to any dividend paid—
- (a) to a company resident in the United Kingdom,
 - (b) by a company resident in the territory outside the United Kingdom,

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credit by virtue of section 801 does not fall to be given by virtue of this section in respect of tax which would have been payable under the law of that or any other territory outside the United Kingdom but for a relief (notwithstanding any arrangements made with the government of that or any other territory outside the United Kingdom which have effect by virtue of section 788 and provide for a relief to which subsection (5) of that section applies).”

- (4) This paragraph has effect in relation to any claim for credit, under any arrangements, in respect of underlying tax in relation to a dividend paid on or after 21st March 2000 by a company resident outside the United Kingdom to a company resident in the United Kingdom.

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