



Income Tax Act 2007

2007 CHAPTER 3

PART 11

MANUFACTURED PAYMENTS AND REPOS

CHAPTER 2

MANUFACTURED PAYMENTS

Special cases

583 Manufactured payments exceeding underlying payments

- (1) This section applies if—
 - (a) an amount paid by way of manufactured dividend would otherwise exceed the amount of the dividend of which it is representative, or
 - (b) the sum of—
 - (i) an amount paid by way of manufactured interest or manufactured overseas dividend, and
 - (ii) the income tax required to be accounted for and paid in connection with the making of the payment,would otherwise exceed the gross amount of the interest or overseas dividend of which it is representative.
- (2) The payment, to the extent of an amount equal to the excess, is treated for the purposes of this Chapter and Chapter 9 of Part 15 as not made under the requirement mentioned in section 573(1)(b), 578(1)(b) or 581(1)(b) (criteria for application of provisions about manufactured payments).
- (3) Instead it is treated, to that extent, for income tax purposes as a separate fee for entering into the arrangement under which it was made.
- (4) Subsection (3) applies despite anything in—

Status: Point in time view as at 21/07/2009.

*Changes to legislation: There are currently no known outstanding effects for the
Income Tax Act 2007, Cross Heading: Special cases. (See end of Document for details)*

- (a) sections 572 to 582 (main rules about manufactured payments), or
- (b) Chapter 9 of Part 15 (deduction of income tax at source: manufactured payments).

[^{F1}(5) Nothing in this section makes the excess deductible (whether by virtue of this Chapter or otherwise) if it (or any part of it) is made directly or indirectly in consequence of, or otherwise in connection with, avoidance arrangements.]

Textual Amendments

F1 S. 583(5) inserted (21.7.2008 with effect in accordance with s. 63(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 23 para. 10](#)

584 Manufactured payments less than underlying payments

- (1) This section applies if the sum of—
 - (a) an amount paid by way of manufactured interest or manufactured overseas dividend, and
 - (b) the income tax required to be accounted for and paid in connection with the making of the payment,

is less than the gross amount of the interest or overseas dividend of which it is representative.
- (2) For the purpose of giving relief under the Income Tax Acts in a case to which section 578 or 581 applies (manufactured interest and manufactured overseas dividends), the gross amount of the manufactured interest or manufactured overseas dividend is treated as being an amount equal to the sum of the amounts mentioned in paragraphs (a) and (b) of subsection (1).
- (3) Subsection (2) applies despite anything in—
 - (a) sections 578 to 582 (main rules about manufactured interest and manufactured overseas dividends), and
 - (b) section 589(3) (meaning of “gross amount” of manufactured overseas dividend).
- (4) In this section “relief” means relief by way of—
 - (a) deduction in calculating profits or gains, or
 - (b) deduction or set off against income.

585 Power to deal with other special cases

- (1) The Treasury may by regulations make provision about—
 - (a) such manufactured dividends, manufactured interest or manufactured overseas dividends as may be prescribed,
 - (b) such persons who receive, or become entitled to receive, manufactured dividends, manufactured interest or manufactured overseas dividends as may be prescribed, or
 - (c) such payers of manufactured dividends, manufactured interest or manufactured overseas dividends as may be prescribed.

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- (2) The provision which may be made is for any prescribed manufactured dividend, manufactured interest, manufactured overseas dividend or person to be treated, in prescribed circumstances, otherwise than as mentioned in—
- (a) sections 572 to 582 (main rules about manufactured payments), or
 - (b) Chapter 9 of Part 15 (deduction of income tax at source: manufactured payments),
- for any prescribed income tax purposes.

Status:

Point in time view as at 21/07/2009.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading: Special cases.