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STATUTORY INSTRUMENTS

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**1992 No. 569**

**The Income Tax (Dividend Manufacturing) Regulations 1992**

**PART V**

**ADMINISTRATIVE ARRANGEMENTS RELATING TO SECTION 737**

**Interpretation of Part V**

**19.** In this part of these Regulations—

“dividend manufacturer” and “manufactured dividend” shall be construed in accordance with subsection (1) of section 737;

“manufactured overseas dividend” shall be construed in accordance with paragraph 4 of Schedule 23A;

“overseas dividend” has the meaning given in sub-paragraph (1) of paragraph 1 of Schedule 23A;

“unapproved manufactured payment” has the meaning given in sub-paragraph (1) of paragraph 1 of Schedule 23A, and in Part II of these Regulations;

“approved manufactured payment” means a manufactured dividend which is not an unapproved manufactured payment;

“qualifying person” means a person able to pay an approved manufactured payment.

**Accounting for tax chargeable where regulation 13 applies**

**20.**—(1) This regulation applies to a person prescribed under regulation 12(a) or (c) (in this regulation called “the person in question”).

(2) The person in question shall make a return for—

(a) each complete quarter falling within the period of account, that is to say, each of the periods of three months ending with 31st March, 30th June, 30th September or 31st December which falls within that period;

(b) each part of the period of account which is not a complete quarter and ends on the first (or only), or begins immediately after the last (or only), of those dates which falls within the period of account;

(c) if none of those dates falls within the period of account, the whole of that period.

(3) A return for any period for which a return is required to be made under this regulation (“a return period”) shall be made within 14 days from the end of that period.

(4) The return made by the person in question for any return period shall show—

(a) the amount of manufactured dividends (other than manufactured overseas dividends) on which tax is accountable under subsection (1) of section 737;

(b) the amount of dividends (other than overseas dividends) and manufactured dividends (other than manufactured overseas dividends) received by him in that period;

- (c) the amount of dividends (other than overseas dividends) and manufactured dividends (other than manufactured overseas dividends) received on which tax is accountable under subsection (5) of section 737(1); and
  - (d) the amount of tax accountable under subsections (1) and (5) of section 737.
- (5) In a return under this regulation, the person in question shall show unapproved manufactured payments and the tax in respect of those payments separately from approved manufactured payments.
- (6) Tax in respect of manufactured dividends required to be included in a return under this regulation shall be due at the time by which the return for that period is to be made, and tax so due shall be payable without the making of any assessment.
- (7) Tax which has become so due may be assessed on the person in question (whether or not it has been paid when the assessment is made) if that tax, or any part of it, is not paid on or before the due date.
- (8) If it appears to the inspector that there is a manufactured dividend which ought to have been and has not been included in a return, or if the inspector is dissatisfied with any return, he may make an assessment on the person in question to the best of his judgment; and any tax due under an assessment made by virtue of this paragraph shall be treated for the purposes of interest on unpaid tax as having been payable at the time when it would have been payable if a correct return had been made.
- (9) If, during a later return period within the period of account, dividends (other than overseas dividends) are received which exceed the manufactured dividends (other than manufactured overseas dividends) paid in that same later return period, the tax credit received may be set against any tax paid under section 737 in respect of an earlier return period within the same period of account, and a repayment of tax shall be made accordingly.
- (10) At the end of the period of account—
- (a) where the person in question is a company that is not resident in the United Kingdom but carries on a trade through a branch or agency in the United Kingdom which is a market maker as defined in sub-paragraph (1) of paragraph 1 of Schedule 23A or a member of LIFFE, any surplus tax credits received shall be carried forward to that person's next accounting period;
  - (b) where the person in question is not a company such as is mentioned in sub-paragraph (a) above, any excess dividends shall be charged to tax and any associated tax credits received shall be set against tax payable in respect of that accounting period.
- (11) In this regulation “period of account” means—
- (a) where the person in question draws up accounts, a period for which he draws up his accounts, or
  - (b) where the person in question does not draw up accounts, a period beginning on the date when he pays a manufactured dividend (other than a manufactured overseas dividend) and ending either 12 months later or on the day preceding the period for which he next draws up his accounts (whichever is the earlier).

### **Provision of information relating to payments of manufactured dividends**

**21.**—(1) Subject to paragraph (2), where a dividend manufacturer pays a manufactured dividend, he shall furnish the recipient with a statement in writing showing the gross amount of the payment, the amount of tax deducted, and the actual amount paid, and section 352 of the Taxes Act(2) shall not apply.

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(1) Subsection (5) was substituted by section 58(2) of, and paragraph 3(4) of Schedule 13 to, the Finance Act 1991.

(2) Section 352 was amended by paragraph 11 of Schedule 5 to the Finance Act 1990 (c. 29).

(2) Where a qualifying person pays an approved manufactured payment to another qualifying person section 352 of the Taxes Act shall apply.

**Information about transactions carried on by certain persons**

**22.** The Commissioners of Inland Revenue may exercise the powers conferred by section 21 of the Management Act as respects, and in connection with, any business which is, or has been carried on by a member of the London Stock Exchange or by a member of LIFFE who is capable of paying an approved manufactured payment, and the provisions of that section shall apply with any necessary modifications.

**Treatment of tax taken into account under regulation 13**

**23.** Tax taken into account under regulation 13(2) shall be treated as tax deducted for the purposes of section 352 of the Taxes Act, paragraph 2(3)(b) of Schedule 23A and regulation 21 above.