

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

[^{F1}SCHEDULE 23A

Section 736A.]

MANUFACTURED DIVIDENDS AND INTEREST

Textual Amendments

- F1** Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, Sch. 13 para. 1 (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, reg.2; 30.6.1992 specified for certain purposes by S.I. 1992/1346, regs.2, 3, 4; 21.4.1993 specified for certain purposes by S.I. 1993/933, regs.2, 3(b), 4)

Modifications etc. (not altering text)

- C1** Sch. 23A modified (19.3.1997) by Finance Act 1997 (c. 16), Sch. 7 para. 7(3)

Interpretation

^{F2}1 (1) In this Schedule—

^{F3}
“dividend manufacturer” has the meaning given by paragraph 2(1) below;
“dividend manufacturing regulations” means regulations made by the Treasury under this Schedule;

^{F4}
“interest manufacturer” has the meaning given by paragraph 3(1) below;
“manufactured dividend”, “manufactured interest” and “manufactured overseas dividend” shall be construed respectively in accordance with paragraphs 2, 3 and 4 below, as shall references to the gross amount thereof;

^{F3}
“overseas dividend” means any interest, dividend or other annual payment payable in respect of any overseas securities;

“overseas dividend manufacturer” has the meaning given by paragraph 4(1) below;

“overseas securities” means—
(a) shares, stock or other securities issued by a government or public or local authority of a territory outside the United Kingdom or by any other body of persons not resident in the United Kingdom;^{F5} . . .

(b) ^{F5}

“overseas tax” means tax under the law of a territory outside the United Kingdom;

“overseas tax credit” means any such credit under the law of a territory outside the United Kingdom in respect of overseas tax as corresponds to a tax credit;

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

“prescribed” means prescribed in dividend manufacturing regulations;

F3

F3

“securities” includes any loan stock or similar security;

“transfer” includes any sale or other disposal;

F3

F3

“United Kingdom equities” means shares of any company resident in the United Kingdom;

“United Kingdom securities” means securities of the government of the United Kingdom, of any public or local authority in the United Kingdom or of any company or other body resident in the United Kingdom, but does not include F6 . . . United Kingdom equities.

(2) F7

Textual Amendments

- F2** Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, **Sch. 13 para. 1** (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, **reg.2**; 30.6.1992 specified for certain purposes by S.I. 1992/1346, **regs.2, 3, 4**; 21.4.1993 specified for certain purposes by S.I. 1993/933, **regs.2, 3(b), 4**)
- F3** Sch. 23A para. 1(1): definitions of "approved stock lending arrangement", "market maker", "recognised clearing house", "recognised investment exchange", "unapproved manufactured payment" and "unapproved stock lending arrangement" repealed (with effect in accordance with Sch. 18 Pt. 6(10), Notes 1, 2 of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(10)**; S.I. 1997/991, **art. 2**
- F4** Sch. 23A para. 1(1): definition of "foreign income dividend" repealed (with effect in accordance with Sch. 6 para. 17(5) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 17(2), **Sch. 8 Pt. 2(11)**, Note
- F5** Sch. 23A para. 1(1): in the definition of "overseas securities", para. (b) and preceding word repealed (28.7.2000) by Finance Act 2000 (c. 17), **Sch. 40 Pt. 2(17)**
- F6** Sch. 23A para. 1(1): words in definition of "UK securities" repealed (28.7.2000) by Finance Act 2000 (c. 17), **Sch. 40 Pt. 2(17)**
- F7** Sch. 23A para 1(2) repealed (with effect in accordance with Sch. 18 Pt. 6(10) Note 2 of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(10)**; S.I. 1997/991, **art. 2**

[^{F8} *Manufactured dividends on UK equities: general*]

Textual Amendments

- F8** Sch. 23A paras. 2-2B and cross-headings substituted for Sch. 23A para. 2 and cross-heading (with effect in accordance with Sch. 10 para. 16 of the amending Act) by Finance Act 1997 c. 16, **Sch. 10 para. 10(1)**

[^{F9F10}2 (1) This paragraph applies in any case where, under a contract or other arrangements for the transfer of United Kingdom equities, one of the parties (a “dividend manufacturer”) is required to pay to the other (“the recipient”) an amount (a “manufactured dividend”) which is representative of a dividend on the equities.

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- [^{F11}(2) Where a manufactured dividend is paid by a dividend manufacturer who is a company resident in the United Kingdom, the Tax Acts shall have effect—
- (a) in relation to the recipient, and persons claiming title through or under him, as if the manufactured dividend were a dividend on the UK equities in question; and
 - (b) in relation to the dividend manufacturer, as if the amount paid were a dividend of his.]
- (3) Where a manufactured dividend to which sub-paragraph (2) above does not apply is paid by any person—
- (a) ^{F12}
 - (b) the Tax Acts shall have effect in relation to the recipient, and persons claiming title through or under him, as if the manufactured dividend were a dividend on the United Kingdom equities in question; and
 - (c) the Tax Acts shall have effect in relation to the dividend manufacturer subject to the provisions of paragraph 2A below.
- (4)
- ^{F13}(5)
- ^{F13}(6) ^{F14} . . . Where—
- (a) a dividend manufacturer pays a manufactured dividend [^{F15}to which sub-paragraph (3) above applies], ^{F16} . . .
 - ^{F16}(b)
- the dividend manufacturer shall, on paying the manufactured dividend, provide the recipient with a statement in writing setting out the matters specified in sub-paragraph (7) below.
- (7) Those matters are—
- (a) the amount of the manufactured dividend;
 - (b) the date of the payment of the manufactured dividend; and
 - (c) the amount of the tax credit to which, by virtue of sub-paragraph (3)(b) above, the recipient or a person claiming title through or under him either—
 - (i) is entitled in respect of the manufactured dividend, or
 - (ii) would be so entitled were all the conditions of a right to a tax credit satisfied, in the case of the recipient or that person, as respects the dividend which the recipient is deemed to receive.
- (8) The duty imposed by sub-paragraph (6) above shall be enforceable at the suit or instance of the recipient.]

Textual Amendments

- F9** Sch. 23A paras 2-2B and cross-headings substituted for Sch. 23A para. 2 and cross-heading (with effect in accordance with Sch. 10 para. 16 of the amending Act) by Finance Act 1997 c. 16, Sch. 10 para. 10(1)
- F10** Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, Sch. 13 para. 1 (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, reg. 2; 30.6.1992 specified for certain purposes by S.I. 1992/1346, regs. 2, 3, 4; 21.4.1993 specified for certain purposes by S.I. 1993/933, regs. 2, 3(b), 4)

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- F11** Sch. 23A para. 2(2) substituted (with effect in accordance with s. 102(10) of the amending Act) by Finance Act 1998 (c. 36), s. 102(5)
- F12** Sch. 23A para. 2(3)(a) repealed (with effect in accordance with s. 102(10) of the repealing Act) by Finance Act 1998 (c. 36), s. 102(6), Sch. 27 Pt. 3(24), Note
- F13** Sch. 23A para. 2(4)(5) repealed (with effect in accordance with s. 102(10) of the repealing Act) by Finance Act 1998 (c. 36), s. 102(8)(a), Sch. 27 Pt. 3(24), Note
- F14** Words in Sch. 23A para. 2(6) repealed (with effect in accordance with Sch. 6 para. 17(5) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 17(3), Sch. 8 Pt. 2(11), Note
- F15** Words in Sch. 23A para. 2(6)(a) inserted (with effect in accordance with s. 102(10) of the amending Act) by Finance Act 1998 (c. 36), s. 102(7)
- F16** Sch. 23A para. 2(6)(b) and preceding word repealed (with effect in accordance with s. 102(10) of the repealing Act) by Finance Act 1998 (c. 36), s. 102(8)(a), Sch. 27 Pt. 3(24), Note

Modifications etc. (not altering text)

- C2** Sch. 23A para. 2 modified (19.7.2006) by Finance Act 2006 (c. 25), ss. 134, 139(1)(2), Sch. 17 para. 30 (as that affecting s. 139 is amended by Finance Act 2006 (c. 25), s. 1034(1), Sch. 1 para. 621, Sch. 3 Pt.1 (with Sch. 2) and S.I. 2009/2859, arts. 1, 3)
- C3** Sch. 23A para. 2(3)(c) extended (with effect in accordance with s. 24(15) of the extending Act) by Finance (No. 2) Act 1997 (c. 58), s. 24(13)

Deductibility of manufactured payment in the case of the manufacturer

2A ^{F17}(1) Where, in the case of a manufactured dividend, the dividend manufacturer is resident in the United Kingdom but is not a company, an amount (“the relevant amount”) equal to the lesser of—

- (a) the amount of the manufactured dividend paid (so far as it is not otherwise deductible), and
- (b) the amount of the dividend of which the manufactured dividend is representative,

shall be allowable as a deduction for the purposes of income tax only under sub-paragraph (1ZA) or (1A) below.]

^{F18}(1ZA) The relevant amount shall be allowable under this sub-paragraph as a deduction for the purposes of income tax to the extent that the dividend manufacturer—

- (a) receives the dividend on the equities which is represented by the manufactured dividend or receives a payment which is representative of that dividend, and
- (b) is chargeable to income tax on the dividend or other payment so received;

and that deduction shall be made against the amount of the dividend or other payment so received on which the dividend manufacturer is chargeable to income tax.

(1ZB) Sub-paragraph (1ZA) above shall apply only if the amount of the dividend or other payment so received is received by the dividend manufacturer in—

- (a) the year of assessment in which he pays the manufactured dividend, or
- (b) the year of assessment immediately before, or immediately after, that year.]

^{F19}(1A) ^{F20}The relevant amount shall be allowable under this sub-paragraph as a deduction for the purposes of income tax against the total income of the dividend manufacturer] to the extent that—

- (a) ^{F21}.....

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) the dividend manufacturer is treated under section 730A (repos) as receiving a payment of interest in respect of the equities and is chargeable to income tax on that payment; ^{F22} . . .
 - (c) ^{F22}
- ^{F23}
- (1B) Where an amount is allowable under [^{F24}sub-paragraph (1ZA) or (1A)] above by reference to the whole or any part of—
- (a) a dividend or other payment falling within [^{F25}sub-paragraph (1ZA)] above [^{F26}, or]
 - (b) a payment of interest which a person is treated as receiving, as mentioned in [^{F27}sub-paragraph (1A) above], ^{F28} . . .
 - (c) ^{F28}
- (the “utilised portion” of the dividend [^{F29}or other payment]) no other amount shall be allowable under [^{F24}sub-paragraph (1ZA) or (1A)] above by reference to all or any of the utilised portion of the dividend [^{F29}or other payment].]
- (2) ^{F30}
- (3) ^{F31}
- (4) The references in this paragraph to an amount being deductible are references to its being either—
- (a) deductible in computing the amount of any of the dividend manufacturer’s profits or gains for the purposes of income tax ^{F32} . . . ; or
 - (b) deductible for those purposes from the total income ^{F33} . . . of the dividend manufacturer.

Textual Amendments

- F17** Sch. 23A para. 2A(1) substituted (with effect in accordance with Sch. 24 para. 2(7)-(10) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 24 para. 2(2)**
- F18** Sch. 23A para. 2A(1ZA)(1ZB) inserted (with effect in accordance with Sch. 24 para. 2(7)(8)(10) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 24 para. 2(3)**
- F19** Sch. 23A para. 2A(1A)(1B) inserted (with effect in accordance with s. 108(6) of the amending Act) by Finance Act 2002 (c. 23), **s. 108(3)**
- F20** Words in Sch. 23A para. 2A(1A) substituted (with effect in accordance with Sch. 24 para. 2(9)(10) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 24 para. 2(4)(a)**
- F21** Sch. 23A para. 2A(1A)(a) repealed (with effect in accordance with Sch. 24 para. 2(7)(8)(10) of the repealing Act) by Finance Act 2004 (c. 12), Sch. 24 para. 2(4)(b), **Sch. 42 Pt. 2(16)**, Note 1
- F22** Sch. 23A para. 2A(1A)(c) and preceding word repealed (with effect in accordance with Sch. 24 para. 2(11) of the repealing Act) by Finance Act 2004 (c. 12), Sch. 24 para. 2(4)(c), **Sch. 42 Pt. 2(16)**, Note 2
- F23** Words in Sch. 23A para. 2A(1A) repealed (with effect in accordance with Sch. 24 para. 2(11) of the repealing Act) by Finance Act 2004 (c. 12), Sch. 24 para. 2(4)(d), **Sch. 42 Pt. 2(16)**, Note 2
- F24** Words in Sch. 23A para. 2A(1B) substituted (with effect in accordance with Sch. 24 para. 2(7)-(10) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 24 para. 2(5)(a)**
- F25** Words in Sch. 23A para. 2A(1B)(a) substituted (with effect in accordance with Sch. 24 para. 2(7)(8)(10) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 24 para. 2(5)(b)**
- F26** Word at the end of Sch. 23A para. 2A(1B)(a) inserted (with effect in accordance with Sch. 24 para. 2(7)(8)(10) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 24 para. 2(5)(b)**

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- F27** Words in Sch. 23A para. 2A(1B)(b) substituted (with effect in accordance with Sch. 24 para. 2(9)(10) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 24 para. 2(5)(c)**
- F28** Sch. 23A para. 2A(1B)(c) and preceding word repealed (with effect in accordance with Sch. 24 para. 2(11) of the repealing Act) by Finance Act 2004 (c. 12), Sch. 24 para. 2(5)(d), **Sch. 42 Pt. 2(16)**, Note 2
- F29** Words in Sch. 23A para. 2A(1B) substituted (with effect in accordance with Sch. 24 para. 2(11) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 24 para. 2(5)(e)**
- F30** Sch. 23A para. 2A(2) repealed (with effect in accordance with s. 24(15) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), s. 24(13), **Sch. 8 Pt. 2(8)**, Note 1
- F31** Sch. 23A para. 2A(3) repealed (with effect in accordance with s. 102(10) of the repealing Act) by Finance Act 1998 (c. 36), s. 102(8)(b), **Sch. 27 Pt. 3(24)**, Note
- F32** Words in Sch. 23A para. 2A(4)(a) repealed (22.7.2004) by Finance Act 2004 (c. 12), Sch. 24 para. 2(6)(a), **Sch. 42 Pt. 2(16)**
- F33** Words in Sch. 23A para. 2A(4)(b) repealed (22.7.2004) by Finance Act 2004 (c. 12), Sch. 24 para. 2(6)(b), **Sch. 42 Pt. 2(16)**

Manufactured dividends representative of foreign income dividends

2B

F34

Textual Amendments

- F34** Sch. 23A para. 2B repealed (with effect in accordance with Sch. 6 para. 17(5) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 17(4), **Sch. 8 Pt. 2(11)**, Note

Manufactured interest on UK securities: general

- 3 (1) This paragraph applies (subject to paragraph 3A below) in any case where, under a contract or other arrangements for the transfer of United Kingdom securities, one of the parties (an “interest manufacturer”) is required to pay to the other (“the recipient”) an amount (“the manufactured interest”) which is representative of a periodical payment of interest on the securities.
- (2) For the relevant purposes of the Tax Acts, in their application in relation to the interest manufacturer—
- (a) the manufactured interest shall be treated, except in determining whether it is deductible, as if it—
 - (i) were an annual payment to the recipient, but
 - (ii) were neither yearly interest nor an amount payable wholly out of profits or gains brought into charge for income tax;
 - (b) the gross amount of that deemed annual payment shall be taken—
 - (i) to be equal to the gross amount of the interest of which the manufactured interest is representative; and
 - (ii) to constitute income of the recipient falling within section 1A;
 and
 - (c) an amount equal to so much of the gross amount of the manufactured interest as is not otherwise deductible shall be allowable as a deduction against the

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: *Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

total income or, as the case may be, total profits of the interest manufacturer
[^{F35}, but only to the extent that—

- (i) it would be so allowable if it were interest, or
- (ii) so far as not falling within sub-paragraph (i) above, it falls within sub-paragraph (2A) below].

[^{F36}(2A) An amount of manufactured interest falls within this sub-paragraph if and to the extent that the interest manufacturer—

- (a) receives the periodical payment of interest on the securities which is represented by the manufactured interest, or receives a payment which is representative of that periodical payment of interest, and is chargeable to income tax on the periodical payment or representative payment so received;
- (b) is treated under section 713(2)(a) or (3)(b) (accrued income scheme) as entitled to a sum in respect of a transfer of the securities and is chargeable to income tax on that sum; or
- (c) is treated under section 730A (repos) as receiving a payment of interest in respect of the securities and is chargeable to income tax on that payment.

(2B) Where an amount is allowable under sub-paragraph (2)(c) above by reference to the whole or any part of—

- (a) a periodical payment of interest, or a payment representative of such a payment, falling within paragraph (a) of sub-paragraph (2A) above,
- (b) a sum falling within paragraph (b) of that sub-paragraph, or
- (c) a payment of interest which a person is treated as receiving, as mentioned in paragraph (c) of that sub-paragraph,

(the “utilised portion” of the interest, sum or other payment) no other amount shall be allowable under sub-paragraph (2)(c) above by reference to all or any of the utilised portion of the interest, sum or other payment.]

(3) For the relevant purposes of the Tax Acts, in their application in relation to the recipient and any persons claiming title through or under him—

- (a) the manufactured interest shall be treated as if it were a periodical payment of interest on the securities in question; and
- (b) the gross amount of that deemed periodical payment of interest shall be taken to be equal to the gross amount of the interest of which the manufactured interest is representative.

(4) Sub-paragraph (2) above shall not require any deduction of tax to be made by the interest manufacturer if—

- (a) the interest manufacturer is not resident in the United Kingdom, and
- (b) the manufactured interest is paid otherwise than in the course of a trade carried on by the interest manufacturer in the United Kingdom through a branch or agency.

(5) Where, in a case falling within sub-paragraph (4)(a) and (b) above, the recipient—

- (a) is resident in the United Kingdom, or
- (b) (without being so resident) receives the manufactured interest for the purposes of a trade carried on by him in the United Kingdom through a branch or agency,

the recipient shall be liable to account for income tax in respect of the manufactured interest.

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: *Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (6) The amount of the income tax for which the recipient is liable to account under sub-paragraph (5) above is the amount equal to the income tax which the interest manufacturer, had he been resident in the United Kingdom, would have been required, in respect of the manufactured interest, to account for and pay by virtue of sub-paragraph (2) above.
- (7) For the purposes of sub-paragraph (2) above, if the interest manufacturer is a company which—
- (a) is not resident in the United Kingdom, but
 - (b) carries on a trade in the United Kingdom through a branch or agency,
- Schedule 16 shall have effect in relation to the manufactured interest as it has effect in the case of a company which is resident in the United Kingdom but as if, in paragraph 7, the words “section 11(3)” were substituted for the words “section 7(2)”.
- (8) Where sub-paragraph (2) above has effect in the case of any manufactured interest so as to require any amount to be deducted by way of tax from the gross amount of the manufactured interest, the interest manufacturer shall, on paying the manufactured interest, provide the recipient with a statement in writing setting out—
- (a) the gross amount of the manufactured interest;
 - (b) the amount deducted by way of tax by the interest manufacturer;
 - (c) the amount actually paid by the interest manufacturer; and
 - (d) the date of the payment by the interest manufacturer.
- (9) The duty imposed by sub-paragraph (8) above shall be enforceable at the suit or instance of the recipient.
- (10) The references in this paragraph to an amount being deductible are references to its being either—
- (a) deductible in computing the amount of any of the interest manufacturer’s profits or gains for the purposes of income tax or corporation tax; or
 - (b) deductible for those purposes from the total income or, as the case may be, total profits of the interest manufacturer.
- (11) For the purposes of this paragraph “the relevant purposes of the Tax Acts” means all the purposes of those Acts except the purposes of Chapter II of Part IV of the ^{M1}Finance Act 1996 (loan relationships).
- (12) Without prejudice to the generality of section 80(5) of the Finance Act 1996 (matters to be brought into account only under that Chapter), this paragraph does not have effect for determining how any manufactured interest falls to be treated for any purpose in relation to a company in relation to which that interest falls to be treated in accordance with section 97 of that Act.
- (13) For the purposes of this paragraph references to the gross amount of any interest or payment are references to the amount of the interest or payment before the making of any deduction of income tax that is required to be deducted from it on its being paid or made.

Textual Amendments

F35 Words in s. 23A para. 3(2)(c) added (with effect in accordance with s. 108(7) of the amending Act) by Finance Act 2002 (c. 23), s. 108(4)

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F36 Sch. 23A para 3(2A)(2B) inserted (with effect in accordance with s. 108(7) of the amending Act) by Finance Act 2002 (c. 23, s. 108(5))

Modifications etc. (not altering text)

C4 Sch. 23A paras. 3, 4 modified (with effect in accordance with s. 153(4) of the modifying Act) by Finance Act 2003 (c. 14), s. 153(2)(a)

C5 Sch. 23A para. 3(5) excluded (1.7.1997) by The Manufactured Interest (Tax) Regulations 1997 (S. I. 1997/992), regs. 1, 4

Marginal Citations

M1 1996 c. 8.

Manufactured interest on gilt-edged securities etc.

- 3A (1) Where any manufactured interest is representative of interest on securities to which this paragraph applies—
- (a) paragraph 3(2) above shall not require any deduction of tax to be made on the payment of that manufactured interest; and
 - (b) without prejudice to any other liability of his to income tax in respect of the manufactured interest, the recipient shall not by virtue of paragraph 3(5) above be liable to account for any income tax in respect of that manufactured interest.
- (2) This paragraph applies to—
- (a) gilt-edged securities (within the meaning of section [F37 50]); and
 - (b) securities not falling within paragraph (a) above on which the interest is payable without deduction of tax.

Textual Amendments

F37 Word in Sch. 23A para. 3A(2)(a) substituted (with effect in accordance with s. 37(8)-(13) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), s. 37(7)

F38 Manufactured overseas dividends

Textual Amendments

F38 Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, Sch. 13 para.1 (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, reg.2; 30.6.1992 specified for certain purposes by S.I. 1992/1346, regs.2, 3, 4; 21.4.1993 specified for certain purposes by S.I. 1993/933, regs.2, 3(b), 4)

- F39** (1) This paragraph applies in any case where, under a contract or other arrangements for the transfer of overseas securities, one of the parties (the “overseas dividend manufacturer”) is required to pay to the other (“the recipient”) an amount representative of an overseas dividend on the overseas securities; and in this Schedule

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

the “manufactured overseas dividend” means any payment which the overseas dividend manufacturer makes in discharge of that requirement.

(2) Subject to sub-paragraph (3) below, where this paragraph applies the gross amount of the manufactured overseas dividend shall be treated for all purposes of the Tax Acts as an annual payment, within section 349, but—

- (a) the amount which is to be deducted from that gross amount on account of income tax shall be an amount equal to the relevant withholding tax on that gross amount; and
- (b) in the application of sections [F40]338B(4)(a) and 350(4) in relation to manufactured overseas dividends the references to Schedule 16 shall be taken as references to dividend manufacturing regulations;

and paragraph (a) above is without prejudice to any further amount required to be deducted under dividend manufacturing regulations by virtue of sub-paragraph (8) below.

(3) If, in a case where this paragraph applies, the overseas dividend manufacturer is not resident in the United Kingdom and the manufactured overseas dividend is paid by him otherwise than in the course of a trade which he carries on through a branch or agency in the United Kingdom, sub-paragraph (2) above shall not apply; but if the manufactured overseas dividend is received by [F41]a United Kingdom recipient, that recipient shall] account for and pay an amount of tax in respect of the manufactured overseas dividend equal to that which the overseas dividend manufacturer would have been required to account for and pay had he been resident in the United Kingdom; and any reference in this Schedule to an amount deducted under sub-paragraph (2) above includes a reference to an amount of tax accounted for and paid under this sub-paragraph.

[F42]3A) For the purposes of sub-paragraph (3) above a person who receives a manufactured overseas dividend is a United Kingdom recipient if—

- (a) he is resident in the United Kingdom; or
- (b) he is not so resident but receives that dividend for the purposes of a trade carried on through a branch or agency in the United Kingdom.

(3B) Dividend manufacturing regulations may make provision, in relation to cases falling within sub-paragraph (3) above, for the amount of tax required under that sub-paragraph to be taken to be reduced, to such extent and for such purposes as may be determined under the regulations, by reference to amounts of overseas tax charged on, or in respect of—

- (a) the making of the manufactured overseas dividend; or
- (b) the overseas dividend of which the manufactured overseas dividend is representative.]

(4) Where a manufactured overseas dividend is paid after deduction of the amount required by sub-paragraph (2) above, or where the amount of tax required under sub-paragraph (3) above in respect of such a dividend has been accounted for and paid, then for all purposes of the Tax Acts as they apply in relation to persons resident in the United Kingdom or to persons not so resident but carrying on business through a branch or agency in the United Kingdom—

- (a) the manufactured overseas dividend shall be treated in relation to the recipient, and all persons claiming title through or under him, as if it were an overseas dividend of an amount equal to the gross amount of the manufactured overseas dividend, but paid after the withholding therefrom,

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: *Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

on account of overseas tax, of the amount deducted under sub-paragraph (2) above; and

- (b) the amount so deducted shall accordingly be treated in relation to the recipient, and all persons claiming title through or under him, as an amount so withheld instead of as an amount on account of income tax.

(5) For the purposes of this paragraph—

- (a) “relevant withholding tax”, in relation to the gross amount of a manufactured overseas dividend, means an amount of tax representative of—
- (i) the amount (if any) that would have been deducted by way of overseas tax from an overseas dividend on the overseas securities of the same gross amount as the manufactured overseas dividend; and
 - (ii) the amount of the overseas tax credit (if any) in respect of such an overseas dividend;
- (b) the gross amount of a manufactured overseas dividend is an amount equal to the gross amount of that overseas dividend of which the manufactured overseas dividend is representative, as mentioned in sub-paragraph (1) above; and
- (c) the gross amount of an overseas dividend is an amount equal to the aggregate of—
- (i) so much of the overseas dividend as remains after the deduction of the overseas tax (if any) chargeable on it;
 - (ii) the amount of the overseas tax (if any) so deducted; and
 - (iii) the amount of the overseas tax credit (if any) in respect of the overseas dividend.

(6) Dividend manufacturing regulations may make provision with respect to the rates of relevant withholding tax which are to apply in relation to manufactured overseas dividends in relation to different overseas territories, but in prescribing those rates the Treasury shall have regard to—

- (a) the rates at which overseas tax would have fallen to be deducted, and
- (b) the rates of overseas tax credits,

in overseas territories, or in the particular overseas territory, in respect of payments of overseas dividends on overseas securities.

(7) Dividend manufacturing regulations may make provision for a person who, in any chargeable period, is an overseas dividend manufacturer to be entitled in prescribed circumstances to set off [^{F43}in accordance with the regulations and to the prescribed extent, amounts falling within paragraph (a) of sub-paragraph (7AA) below against the sums falling within paragraph (b) of that sub-paragraph, and to account]to the Board for, or as the case may be, claim credit in respect of, the balance.

[^{F44}(7AA) Those amounts and sums are—

- (a) amounts of overseas tax in respect of overseas dividends received by him in that chargeable period, amounts of overseas tax charged on, or in respect of, the making of manufactured overseas dividends so received by him and amounts deducted under sub-paragraph (2) above from any such manufactured overseas dividends; and
- (b) the sums due from him on account of the amounts deducted by him under sub-paragraph (2) above from the manufactured overseas dividends paid by him in that chargeable period.]

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

[^{F45}(7A) ^{F46}

(8) ^{F47}

[^{F48}(9) Without prejudice to section 97 of the Finance Act 1996 (manufactured interest), the references in this paragraph to all the purposes of the Tax Acts do not include the purposes of Chapter II of Part IV of that Act (loan relationships).]

Textual Amendments

- F39** Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, **Sch. 13 para.1** (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, **reg.2**; 30.6.1992 specified for certain purposes by S.I. 1992/1346, **regs.2, 3, 4**; 21.4.1993 specified for certain purposes by S.I. 1993/933, **regs.2, 3(b), 4**)
- F40** Words in Sch. 23A para. 4(2)(b) substituted (24.7.2002) by Finance Act 2002 (c. 23), **Sch. 30 para. 1(5)**
- F41** Words in Sch. 23A para 4(3) substituted (with effect in accordance with s. 159(9) of the amending Act) by Finance Act 1996 (c. 8), **s. 159(4)**
- F42** Sch. 23A para 4(3A)(3B) inserted (with effect in accordance with s. 159(9) of the amending Act) by Finance Act 1996 (c. 8), **s. 159(5)**
- F43** Words in Sch. 23A para. 4(7) substituted (29.4.1996) by Finance Act 1996 (c. 8), **s. 159(6)**
- F44** Sch. 23A para. 4(7AA) inserted (29.4.1996) by Finance Act 1996 (c. 8), **s. 159(6)**
- F45** Sch. 23A para. 4(7A) inserted (3.5.1994) by Finance Act 1994 (c. 9), **s. 124**
- F46** Sch. 23A para. 4(7A) repealed (29.4.1996) by Finance Act 1996 (c. 8), **Sch. 41 Pt. 5(21)**, Note 2
- F47** Sch. 23A para. 4(8) repealed (28.7.2000) by Finance Act 2000 (c. 17), **Sch. 40 Pt. 2(17)**
- F48** Sch. 23A para. 4(9) inserted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 14 para. 52(4)** (with Sch. 15)

Modifications etc. (not altering text)

- C6** Sch. 23A paras. 3, 4 modified (with effect in accordance with s. 153(4) of the modifying Act) by Finance Act 2003 (c. 14), **s. 153(2)(a)**
- C7** Sch. 23A para. 4(1) applied (1.10.1993) by S.I. 1993/2004, **reg.2**
- C8** Sch. 23A para. 4(2) restricted (1.10.1993) by S.I. 1993/2004, **reg.5(1)**
- C9** Sch. 23A para. 4(3) restricted (1.10.1993) by S.I. 1993/2004, **reg.7(1)** (as amended by S.I. 2011/1787, **regs. 1, 7**)

VALID FROM 21/07/2009

- 4A (1) A reference in paragraph 4(4)(a) or (b) to the relevant amount in relation to an amount deducted under section 922(2) of ITA 2007 is—
- (a) where the deduction is made in respect of a manufactured overseas dividend that is treated as paid under paragraph 13(1) of Schedule 13 to FA 2007 (sale and repurchase of securities), to amount A, and
 - (b) otherwise, to the amount deducted under section 922(2) of ITA 2007.
- (2) Amount A is—
- (a) in a case to which sub-paragraph (3) applies, the amount deducted under section 922(2) of ITA 2007,
 - (b) in a case to which sub-paragraph (4) applies—
 - (i) the amount deducted under section 922(2) of ITA 2007, less

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: *Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (ii) the excess mentioned in that sub-paragraph, and
 - (c) in any other case, nil.
- (3) This sub-paragraph applies to a case in which—
- (a) an amount is actually paid by way of manufactured overseas dividend,
 - (b) the amount so paid equals the relevant net amount, and
 - (c) it is reasonable to assume that, in deciding the repurchase price of the securities, no account was taken of the fact that the amount would be so paid.
- (4) This sub-paragraph applies to a case in which—
- (a) an amount is actually paid by way of manufactured overseas dividend,
 - (b) the amount so paid exceeds the relevant net amount, and
 - (c) it is reasonable to assume that, in deciding the repurchase price of the securities, no account was taken of the fact that the amount would be so paid.
- (5) In this paragraph “the repurchase price” of the securities means the price at which the payer of the manufactured overseas dividend is entitled or obliged to sell the securities, or similar securities, to the recipient of the manufactured overseas dividend.
- (6) In this paragraph “the securities” means the securities in respect of which the overseas dividend of which the manufactured overseas dividend is representative is paid.
- (7) In this paragraph “the relevant net amount” means—
- (a) the gross amount of the overseas dividend of which the manufactured overseas dividend is representative, less
 - (b) the amount deducted under section 922(2) of ITA 2007.

F49 Dividends and interest passing through the market

Textual Amendments

F49 Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, **Sch. 13 para.1** (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, **reg.2**; 30.6.1992 specified for certain purposes by S.I. 1992/1346, **regs.2, 3, 4**; 21.4.1993 specified for certain purposes by S.I. 1993/933, **regs. 2, 3(b),4**)

F50

F51

Textual Amendments

F50 Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, **Sch. 13 para. 1** (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, **reg.2**; 30.6.1992 specified for certain purposes by S.I. 1992/1346, **regs.2, 3, 4**; 21.4.1993 specified for certain purposes by S.I. 1993/933, **regs.2, 3(b), 4**)

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F51 Sch. 23A para. 5 repealed (with effect in accordance with Sch. 10 para. 16, Sch. 18 Pt. 6(10) Note 3 of the repealing Act) by Finance Act 1997 (c. 16), Sch. 10 para. 12, **Sch. 18 Pt. 6(10)**; S.I. 1997/991, **art. 2**

F52 Unapproved manufactured payments

Textual Amendments

F52 Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, **Sch. 13 para. 1** (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, **reg. 2**; 30.6.1992 specified for certain purposes by S.I. 1992/1346, **regs. 2, 3, 4**; 21.4.1993 specified for certain purposes by S.I. 1993/933, **regs. 2, 3(b), 4**)

F53 6

F54

Textual Amendments

F53 Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, **Sch. 13 para. 1** (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, **reg. 2**; 30.6.1992 specified for certain purposes by S.I. 1992/1346, **regs. 2, 3, 4**; 21.4.1993 specified for certain purposes by S.I. 1993/933, **regs. 2, 3(b), 4**)

F54 Sch. 23A para. 6 repealed (with effect in accordance with Sch. 10 para. 7(2), Sch. 18 Pt. 6(10) Note 2 of the repealing Act) by Finance Act 1997 (c. 16), Sch. 10 para. 4(a), **Sch 18 Pt. 6(10)**; S.I. 1997/991, **art. 2**

F55 Irregular manufactured payments

Textual Amendments

F55 Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, **Sch. 13 para. 1** (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, **reg. 2**; 30.6.1992 specified for certain purposes by S.I. 1992/1346, **regs. 2, 3, 4**; 21.4.1993 specified for certain purposes by S.I. 1993/933, **regs. 2, 3(b), 4**)

F567 (1) ^{F57} . . . In any case where (apart from this paragraph)—

- (a) an amount paid by way of manufactured dividend would exceed the amount of the dividend of which it is representative, or
- (b) the aggregate of—
 - (i) an amount paid by way of manufactured interest or manufactured overseas dividend, and
 - (ii) the tax required to be accounted for in connection with the making of that payment,
 would exceed the gross amount (as determined in accordance with paragraph 3 or 4 above) of the interest or overseas dividend of which it is representative, as the case may be,

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

the payment shall, to the extent of an amount equal to the excess, not be regarded for the purposes of this Schedule as made in discharge of the requirement referred to in paragraph 2(1), 3(1) or 4(1) above, as the case may be, but shall instead to that extent be taken for all purposes of the Tax Acts to constitute a separate fee for entering into the contract or other arrangements under which it was made, notwithstanding anything in paragraphs 2 to 4 above.

[^{F58}(1A) Sub-paragraph (1) above does not apply in the case of the amount of any manufactured interest or manufactured overseas dividend which falls in accordance with section 97 of the Finance Act 1996 to be treated for the purposes of Chapter II of Part IV of that Act as interest under a loan relationship.]

(2) ^{F59}

(3) For the purpose of giving relief under any provision of the Tax Acts in a case falling within paragraph 3(1) or 4(1) above where (apart from this paragraph) the aggregate referred to in sub-paragraph (1)(b) above would be less than the gross amount there mentioned—

(a) the gross amount of the manufactured interest or manufactured overseas dividend shall be taken to be an amount equal to the aggregate referred to in sub-paragraph (1)(b) above, ^{F60} . . .

(b) ^{F61}

notwithstanding anything in paragraph [^{F62}3 or 4] above.

(4) In this paragraph “relief” means relief by way of—

- (a) deduction in computing profits or gains; or
- (b) deduction or set off against income or total profits.

Textual Amendments

- F56** Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, **Sch. 13 para.1** (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, **reg.2**; 30.6.1992 specified for certain purposes by S.I. 1992/1346, **regs.2, 3, 4**; 21.4.1993 specified for certain purposes by S.I. 1993/933, **regs.2, 3(b), 4**)
- F57** Words in Sch. 23A para. 7(1) repealed (with effect in accordance with Sch. 18 Pt. 6(10) Notes 3, 4(e) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(10)**; S.I. 1997/991, **art. 2**
- F58** Sch. 23A para. 7(1A) inserted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), **Sch. 14 para. 52(7)** (with Sch. 15)
- F59** Sch. 23A para. 7(2) repealed (with effect in accordance with Sch. 18 Pt. 6(10) Note 3(b) of the repealing Act) by Finance Act 1997 (c. 16), **Sch. 18 Pt. 6(10)**; S.I. 1997/991, **art. 2**
- F60** Words in Sch. 23A para. 7(3)(a) repealed (with effect in accordance with Sch. 10 para. 7(2), Sch. 18 Pt. 6(10) Note 2(c) of the repealing Act) by Finance Act 1997 (c. 16), Sch. 10 para. 4(b)(i), **Sch. 18 Pt. 6(10)**; S.I. 1997/991, **art. 2**
- F61** Sch. 23A para. 7(3)(b) repealed (with effect in accordance with Sch. 10 para. 7(2), Sch. 18 Pt. 6(10) Note 2(c) of the repealing Act) by Finance Act 1997 (c. 16), Sch. 10 para. 4(b)(ii), **Sch. 18 Pt. 6(10)**; S.I. 1997/991, **art. 2**
- F62** Words in Sch. 23A para. 7(3) substituted (with effect in accordance with Sch. 10 para. 7(2) of the amending Act) by Finance Act 1997 (c. 16), **Sch. 10 para. 4(b)(iii)**; S.I. 1997/991, **art. 2**

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Manufactured payments under arrangements having an unallowable purpose

- 7A (1) This paragraph applies in any case where—
- (a) a manufactured payment falls to be made by a company in an accounting period in pursuance of any arrangements (see sub-paragraphs (9) and (10) for definitions), and
 - (b) the arrangements have an unallowable purpose at any time (see sub-paragraphs (3) to (5)).

But this is subject to sub-paragraph (8) below (cases where tax relief is denied apart from this paragraph).

- (2) The company is not entitled, by virtue of anything in this Schedule or any provision of regulations under it, or otherwise, to any relevant tax relief (see sub-paragraph (10)), to the extent that the relief is in respect of, or referable to, the whole or any part of so much of the manufactured payment as, on a just and reasonable apportionment, is attributable to the unallowable purpose.
- (3) Arrangements have an unallowable purpose at any time if at that time the purposes for which the company is a party to—
 - (a) the arrangements,
 - (b) any related transaction (see sub-paragraphs (6) and (7)), or
 - (c) any transaction in pursuance of the arrangements,
 include a purpose (“the unallowable purpose”) which is not among the business or other commercial purposes of the company.
- (4) The business and other commercial purposes of a company do not include the purposes of any part of its activities in respect of which it is not within the charge to corporation tax.
- (5) Where one of the purposes for which a company is at any time a party to—
 - (a) any arrangements,
 - (b) any related transaction in the case of any arrangements, or
 - (c) any transaction in pursuance of any arrangements,
 is a tax avoidance purpose, that purpose shall be taken to be a business or other commercial purpose of the company only where it is not the main purpose, or one of the main purposes, for which the company is party to the arrangements or transaction at that time.
- (6) One or more transactions are to be regarded as related transactions, in the case of any arrangements, if it would be reasonable to assume, from either or both of—
 - (a) the likely effect of the transactions, and
 - (b) the circumstances in which the transactions are entered into or effected,
 that none of the transactions would have been entered into or effected independently of the arrangements.
- (7) Transactions are not prevented from being related transactions, in the case of any arrangements, just because the transactions—
 - (a) are not between the same parties, or
 - (b) are not between the parties to the arrangements.
- (8) This paragraph does not apply if, as a result of any of the following provisions—

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) section 75(4)(b) (expenses of management of companies with investment business: unallowable purposes),
- (b) section 76(4)(d) (expenses of insurance companies: unallowable purposes),
- (c) paragraph 13 of Schedule 9 to the Finance Act 1996 (loan relationships with unallowable purposes),

the company in question is not entitled to a relevant tax relief in respect of, or referable to, the whole or any part of the manufactured payment.

The references to sections 75 and 76 are references to those provisions as they have effect in relation to accounting periods beginning on or after 1st April 2004.

- (9) Any reference in this paragraph to a manufactured payment falling to be made by a company includes a reference to a manufactured payment which is deemed by or under any provision of the Tax Acts to be made by a company (and references to a transaction, or to a company being party to a transaction, are to be construed accordingly).

- (10) In this paragraph—

“arrangements” includes schemes, arrangements and understandings of any kind, whether or not legally enforceable, and shall be taken to include any related transactions;

“manufactured payment” means any of the following—

- (a) any manufactured dividend;
- (b) any manufactured interest;
- (c) any manufactured overseas dividend;

“related transaction” shall be construed in accordance with sub-paragraphs (6) and (7) above;

“relevant tax relief” means any of the following—

- (a) any deduction in computing profits or gains for the purposes of corporation tax;
- (b) any deduction against total profits;
- (c) the bringing into account of any debit for the purposes of Chapter 2 of Part 4 of the Finance Act 1996 (loan relationships);
- (d) the surrender of an amount by way of group relief;

“tax advantage” has the same meaning as in Chapter 1 of Part 17 (tax avoidance);

“tax avoidance purpose” means any purpose that consists in securing a tax advantage (whether for the company in question or any other person);

and sub-paragraphs (3) to (7) above have effect for the purposes of this paragraph.

F63 Dividend manufacturing regulations: general

Textual Amendments

- F63** Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, **Sch. 13 para.1** (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, **reg.2**; 30.6.1992 specified for certain purposes by S.I. 1992/1346, **regs.2, 3, 4**; 21.4.1993 specified for certain purposes by S.I. 1993/933, **regs.2, 3(b), 4**)

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- ^{F64}g (1) Dividend manufacturing regulations may make provision for—
- (a) such manufactured dividends, manufactured interest or manufactured overseas dividends as may be prescribed,
 - ^{F65}(aa) such persons who receive, or become entitled to receive, manufactured dividends, manufactured interest or manufactured overseas dividends as may be prescribed,] or
 - (b) such dividend manufacturers, interest manufacturers or overseas dividend manufacturers as may be prescribed,
- to be treated in prescribed circumstances otherwise than as mentioned in ^{F66}[paragraphs 2 to 4 above] for the purposes of such provisions of the Tax Acts as may be prescribed.
- ^{F67}(1A) Dividend manufacturing regulations may provide, in relation to prescribed cases where a person makes or receives the payment of any amount representative of an overseas dividend, or is treated for any purposes of this Schedule or such regulations as a person making or receiving such a payment—
- (a) for any entitlement of that person to claim relief under Part XVIII to be extinguished or reduced to such extent as may be found under the regulations; and
 - (b) for the adjustment, by reference to any provision having effect under the law of a territory outside the United Kingdom, of any amount falling to be taken, for any prescribed purposes of the Tax Acts or the 1992 Act, to be the amount paid or payable by or to any person in respect of any sale, repurchase or other transfer of the overseas securities to which the payment relates.]
- (2) Dividend manufacturing regulations may make provision with respect to—
- (a) the accounts and other records which are to be kept,
 - (b) the vouchers which are to be issued or produced,
 - (c) the returns which are to be made,
 - (d) the manner in which amounts required to be deducted or accounted for under or by virtue of this Schedule on account of tax are to be accounted for and paid,
- ^{F68}by persons by or to whom manufactured dividends, manufactured interest or manufactured overseas dividends are paid.]
- ^{F69}(2A) Dividend manufacturing regulations with respect to any liability to account for tax may contain any of the following, that is to say—
- (a) provision for computing the amounts to be accounted for;
 - (b) provision, in relation to the determination of the amount to be paid on any occasion, for setting other amounts against the amounts to be accounted for;
 - (c) provision as to the liabilities against which amounts accounted for are to be, or are not to be, set for the purposes of income tax or corporation tax;
 - (d) provision modifying, or applying (with or without modifications), any enactments contained in the Tax Acts.]
- (3) Dividend manufacturing regulations may—
- (a) make provision for prescribed provisions of the Management Act to apply in relation to manufactured dividends, manufactured interest or manufactured overseas dividends with such modifications, specified in the regulations, as the Treasury think fit;

Status: Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) make such further provision with respect to the administration, assessment, collection and recovery of amounts required to be deducted or accounted for under or by virtue of this Schedule on account of tax as the Treasury think fit.
- (4) Dividend manufacturing regulations may make different provision for different cases.

Textual Amendments

- F64** Sch. 23A inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 58, **Sch. 13 para. 1** (with effect as mentioned in s. 58(3) in relation to payments made on or after such day as may be specified: 26.2.1992 specified for certain purposes by S.I. 1992/173, **reg.2**; 30.6.1992 specified for certain purposes by S.I. 1992/1346, **regs.2, 3, 4**; 21.4.1993 specified for certain purposes by S.I. 1993/933, **regs.2, 3(b), 4**)
- F65** Sch. 23A para. 8(1)(aa) inserted (29.4.1996) by Finance Act 1996 (c. 8), s. 159(7)(a)
- F66** Words in Sch. 23A para. 8(1) substituted (with effect in accordance with Sch. 10 para. 16 of the amending Act) by Finance Act 1997 (c. 16), **Sch. 10 para. 13(1)**; S.I. 1997/991, **art. 2**
- F67** Sch. 23A para. 8(1A) inserted (29.4.1996) by Finance Act 1996 (c. 8), s. 159(8)
- F68** Words in Sch 23A para. 8(2) substituted (with effect in accordance with Sch. 10 para. 16 of the amending Act) by Finance Act 1997 (c. 16), **Sch. 10 para. 13(2)**; S.I. 1997/991, **art. 2**
- F69** Sch. 23A para. 8(2A) inserted (with effect in accordance with Sch. 10 para. 16 of the amending Act) by Finance Act 1997 (c. 16), **Sch. 10 para. 13(3)**; S.I. 1997/991, **art. 2**

Status:

Point in time view as at 22/07/2004. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation:

Income and Corporation Taxes Act 1988, Schedule 23A is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.