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Changes to legislation: Income and Corporation Taxes Act 1988, Cross Heading: Manufactured overseas dividends is up to date with all changes known to be in force on or before 17 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

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)**

^{F1}Manufactured overseas dividends

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**)

- ^{F24} (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 the “manufactured overseas dividend” means any payment which the overseas dividend manufacturer makes in discharge of that requirement.

[^{F3}(1A) Where a manufactured overseas dividend is paid as set out in sub-paragraph (1) above it shall be treated—

- (a) as an expense of the trade where a company carries on a trade to which that payment relates;
- (b) where a company has investment business to which the payment relates, for the purposes of section 75 as expenses of management;
- (c) in the case of a company carrying on life assurance business—
 - (i) so far as the payment is referable to basic life assurance and general annuity business, for the purposes of section 76 as if it were an expense payable falling to be brought into account at Step 3 of subsection (7) of that section, and

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(ii) the payment is to be treated as referable to basic life assurance and general annuity business to the extent that the overseas dividend of which it is representative is or would, if it were received by the company, be so referable by virtue of section 432A.]

(2) ^{F4}

[^{F5}(2A) ^{F4}

(3) ^{F4}

[^{F6}(3A) ^{F4}

(3B) ^{F4}

(4) Where a manufactured overseas dividend is paid after deduction of the amount required by [^{F7}section 922(2) of ITA 2007 (amount of income tax to be deducted at source)], or where the amount of tax required under [^{F8}section 923 of that Act (income tax to be accounted for and paid)] in respect of such a dividend has been accounted for and paid, then for all purposes of the [^{F9}Corporation Tax Acts]^{F10} . . . —

(a) the manufactured overseas dividend shall be treated in relation to the recipient, and all [^{F11}companies] claiming title through or under [^{F11}the recipient], 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, on account of overseas tax, of the amount deducted [^{F11}under section 922(2) of ITA 2007]; and

(b) the amount so deducted shall accordingly be treated in relation to the recipient, and all [^{F12}companies] claiming title through or under [^{F12}the recipient], as an amount so withheld instead of as an amount on account of income tax.

(5) For the purposes of this paragraph—

(a) ^{F13}

(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) ^{F14}

(7) ^{F15}

[^{F16}(7AA) ^{F15}

[^{F17}(7A) ^{F18}

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(8) ^{F19}

[^{F20}(9) Without prejudice to section 97 of the Finance Act 1996 (manufactured interest), the references in this paragraph to all the purposes of the [^{F21}Corporation] Tax Acts do not include the purposes of Chapter II of Part IV of that Act (loan relationships).]

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. 4(1A) inserted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 37(3)
- F4** Sch. 23A para. 4(2)-(3B) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 238(5)(a), **Sch. 3 Pt. 1** (with Sch. 2)
- F5** Sch. 23A para. 4(2A) inserted (28.9.2004 with effect in accordance with art. 1(2) of the amending S.I.) by The Finance Act 2004, Sections 38 to 40 and 45 and Schedule 6 (Consequential Amendment of Enactments) Order 2004 (S.I. 2004/2310), art. 2, Sch. para. 37(5)
- F6** 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)
- F7** Words in Sch. 23A para. 4(4) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 238(5)(b)(i)** (with Sch. 2)
- F8** Words in Sch. 23A para. 4(4) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 238(5)(b)(ii)** (with Sch. 2)
- F9** Words in Sch. 23A para. 4(4) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 238(5)(b)(iii)** (with Sch. 2)
- F10** Words in Sch. 23A para. 4(4) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 238(5)(b)(iv), **Sch. 3 Pt. 1** (with Sch. 2)
- F11** Words in Sch. 23A para. 4(4)(a) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 238(5)(b)(v)** (with Sch. 2)
- F12** Words in Sch. 23A para. 4(4)(b) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 238(5)(b)(vi)** (with Sch. 2)
- F13** Sch. 23A para. 4(5)(a) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 238(5)(c), **Sch. 3 Pt. 1** (with Sch. 2)
- F14** Sch. 23A para. 4(6) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 238(5)(d), **Sch. 3 Pt. 1** (with Sch. 2)
- F15** Sch. 23A para. 4(7)(7AA) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 238(5)(e), **Sch. 3 Pt. 1** (with Sch. 2)
- F16** Sch. 23A para. 4(7AA) inserted (29.4.1996) by Finance Act 1996 (c. 8), s. 159(6)
- F17** Sch. 23A para. 4(7A) inserted (3.5.1994) by Finance Act 1994 (c. 9), s. 124
- F18** Sch. 23A para. 4(7A) repealed (29.4.1996) by Finance Act 1996 (c. 8), **Sch. 41 Pt. 5(21)**, Note 2
- F19** Sch. 23A para. 4(8) repealed (28.7.2000) by Finance Act 2000 (c. 17), **Sch. 40 Pt. 2(17)**
- F20** 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)
- F21** Word in Sch. 23A para. 4(9) inserted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 238(5)(f)** (with Sch. 2)

Modifications etc. (not altering text)

- C1** 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)

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C2 Sch. 23A para. 4(1) applied (1.10.1993) by S.I. 1993/2004, reg.2

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
 - (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.

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