

SCHEDULES

SCHEDULE 27

Section 153.

FOREIGN INCOME DIVIDENDS

Companies that pay FIDs

- 1 (1) In section 246A(1) of the Taxes Act 1988 (foreign income dividends) after “a company” there shall be inserted “resident in the United Kingdom”.
- (2) This paragraph has effect in relation to dividends paid on or after 28th November 1995.

Recipients of FIDs

- 2 Section 246D(5) of that Act (exclusion of section 233(1) and (1A) in the case of foreign income dividends) shall have effect, and be deemed always to have had effect, as if at the end there were inserted “to which an individual is beneficially entitled, a foreign income dividend paid to personal representatives or a foreign income dividend paid to trustees in a case in which the dividend is income to which section 686 applies.”

Calculation of the distributable foreign profit and the notional foreign source ACT

- 3 (1) In section 246I(6) of that Act, for the words from “an amount equal” onwards there shall be substituted “the amount of corporation tax payable, before double taxation relief is afforded, in respect of the foreign source profit.”
- (2) In section 246P(2) of that Act (assumptions to apply for the purposes of calculating the notional foreign source ACT), the following paragraph shall be inserted before the “and” at the end of paragraph (e)—
- “(ea) where any of the matched foreign source profits represent an amount (“a gross profit”) reduced by one or more such deductions as are mentioned in section 246I(2), the amount of double taxation relief which is to be taken, in finding the amount of corporation tax falling finally to be borne, to have been available (after the reduction) to be allowed by reference to the amount representing the gross profit was equal to the amount that would have been available to be so allowed had no reduction been made;”.
- (3) In section 246P of that Act, after subsection (12) there shall be inserted the following subsection—
- “(12A) In this section “double taxation relief” has the same meaning as in section 246I.”
- (4) Subject to sub-paragraph (5) below, this paragraph has effect in relation to accounting periods ending after 28th November 1995.

Status: This is the original version (as it was originally enacted).

- (5) This paragraph, so far as applicable as respects authorised unit trusts, has effect in relation to any distribution period ending after 28th November 1995.

International headquarters company

- 4 (1) Section 246S of that Act (conditions for treatment as international headquarters company) shall be amended as follows.
- (2) In subsection (3) (wholly-owned subsidiary of foreign quoted parent company), in paragraph (a), for “wholly owned by” there shall be substituted “a 100 per cent. subsidiary of”.
- (3) Subsection (8) (extension of subsection (3)) shall cease to have effect.
- (4) After subsection (10) there shall be inserted the following subsection—
- “(10A) For the purposes of this section a company is a 100 per cent. subsidiary of another if and so long as it is a body corporate all of whose share capital would fall to be treated for the purposes of section 838 as owned directly or indirectly by the other and that other is a body corporate; but for this purpose references in that section to owning share capital shall be construed in accordance with subsection (12) below.”
- (5) Subject to sub-paragraph (6) below, this paragraph has effect in relation to any accounting period ending after 28th November 1995.
- (6) Where—
- (a) this paragraph has effect under sub-paragraph (5) above in relation to an accounting period in which a dividend is paid, and
- (b) the immediately preceding period ended on or before 28th November 1995, subsection (9) (requirement to be international headquarters company in the period before that in which a dividend is paid) shall have effect in the case of that dividend as if this paragraph also had effect in relation to that immediately preceding period.

Life assurance business charged under Case I of Schedule D

- 5 (1) In section 440B of that Act (modifications for life assurance business charged under Case I of Schedule D), after subsection (1) there shall be inserted the following subsection—
- “(1A) Nothing in section 208 shall prevent foreign income dividends from being taken into account in any computation of the profits of the company’s life assurance business charged in accordance with Case I of Schedule D.”
- (2) This paragraph has effect in relation to accounting periods beginning on or after 1st January 1996.

Foreign income distributions to corporate unit holders

- 6 (1) In section 468R of that Act (foreign income distributions to corporate unit holders), after subsection (3) there shall be inserted the following subsection—
- “(4) No repayment shall be made of any tax which is deemed to have been deducted by virtue of the application of paragraph (b) of section 468Q(2) in relation to a foreign income distribution.”

Status: This is the original version (as it was originally enacted).

- (2) This paragraph applies in relation to any distribution period ending on or after 28th November 1995.