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*Status: Point in time view as at 08/03/2012.*

*Changes to legislation: Corporation Tax Act 2010, Cross Heading: Tax credits: stock lending arrangements and repos is up to date with all changes known to be in force on or before 14 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)*

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# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 17 U.K.

#### MANUFACTURED PAYMENTS AND REPOS

### CHAPTER 5 U.K.

#### STOCK LENDING ARRANGEMENTS AND REPOS

#### *Tax credits: stock lending arrangements and repos*

### 808 No tax credits for borrower under stock lending arrangement U.K.

- (1) This section applies if—
- (a) there is a stock lending arrangement in respect of UK shares,
  - (b) a qualifying distribution is made to the person who is the borrower under the arrangement,
  - (c) the qualifying distribution is, or is a payment representative of, a dividend in respect of the UK shares, and
  - (d) a manufactured dividend representative of the dividend is paid by the borrower in respect of any UK shares in respect of which the arrangement is made.
- (2) The borrower is not entitled to a tax credit under section 1109 (tax credits for certain recipients of exempt qualifying distributions) in respect of the distribution.

### 809 No tax credits for lender under creditor repo or creditor quasi-repo U.K.

- (1) This section applies if—
- (a) there is a creditor repo or creditor quasi-repo in respect of UK shares,
  - (b) a qualifying distribution is made to the lender under the repo or quasi-repo,

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- (c) the qualifying distribution is, or is a payment representative of, a dividend in respect of the UK shares, and
  - (d) a manufactured dividend representative of the dividend is paid by the lender under the repo or quasi-repo in respect of any UK shares to which the repo or quasi-repo relates.
- (2) The lender under the repo or quasi-repo is not entitled to a tax credit under section 1109 (tax credits for certain recipients of exempt qualifying distributions) in respect of the distribution.
- (3) For the purposes of this section a person is taken to have paid a manufactured dividend representative of a dividend in respect of UK shares to which a creditor repo relates if—
- (a) the person is treated for the purposes of Chapter 9 of Part 15 of ITA 2007 (deduction of income tax at source: manufactured payments) as making a payment which is representative of the income payable on the shares, and
  - (b) the person is so treated as a result of section 925A(2) of ITA 2007 (requirements to deduct tax from manufactured payments: creditor repos).

#### **810 No tax credits for borrower under debtor repo or debtor quasi-repo** **U.K.**

- (1) This section applies if—
- (a) there is a debtor repo or debtor quasi-repo in respect of UK shares,
  - (b) a qualifying distribution is made,
  - (c) the qualifying distribution is a manufactured dividend paid to the borrower under the repo or quasi-repo in respect of the UK shares as a result of the repo or quasi-repo, and
  - (d) the arrangements in relation to the repo or quasi-repo are such that the actual dividend which the manufactured dividend represents is receivable by the borrower under the repo or quasi-repo.
- (2) The borrower under the repo is not entitled to a tax credit under section 1109 (tax credits for certain recipients of qualifying distributions) in respect of the distribution.

#### **811 Arrangements between companies to make distributions** **U.K.**

- (1) This section applies if two or more companies enter into arrangements to make distributions to each other's members.
- (2) For the purposes of sections 808 to 810 all the parties concerned (however many) may be treated as if anything done by any one of those companies had been done by any one of the others.

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