



# Taxation (International and Other Provisions) Act 2010

## 2010 CHAPTER 8

### PART 2

#### DOUBLE TAXATION RELIEF

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#### DOUBLE TAXATION RELIEF BY WAY OF CREDIT

*Tax underlying dividend treated as underlying tax paid by dividend's recipient*

#### **65 Relief for underlying tax paid by company lower in dividend-paying chain**

- (1) Subsection (4) applies if conditions E and F are met.
- (2) Condition E is that there is a dividend-paying chain (see section 64) in which—
  - (a) the first company is the recipient company mentioned in section 63, and
  - (b) the second company is the overseas company mentioned in that section.
- (3) Condition F is that there is underlying tax, payable by a company (“L”) lower in the chain than the second company, that would be taken into account under this Part if—
  - (a) the dividend paid by L to the company (“K”) above L in the chain had been paid—
    - (i) by a company resident outside the United Kingdom to a company resident in the United Kingdom, and
    - (ii) at the time when the dividend paid by the second company is received by the first company, and
  - (b) double taxation arrangements had provided for the underlying tax to be taken into account.

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**Changes to legislation:** There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 65. (See end of Document for details)

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- (4) The underlying tax is to be treated—
  - (a) for the purposes of section 63(5), and
  - (b) for the purposes of subsection (3),as tax paid by K in respect of its profits, but see section 66 (limitations).
- (5) In applying section 63 for the purpose of deciding whether condition F is met, read section 63(2) as if “ , or at least 10% of the ordinary share capital of, ” were inserted after “at least 10% of the voting power in”.
- (6) Section 58 (first method of calculating amount of underlying tax to be taken into account) does not apply for the purposes of subsections (3) and (4) unless the company referred to in subsection (2)(a) is resident in the United Kingdom and, even if that company is resident in the United Kingdom, section 58 applies for those purposes only—
  - (a) if K and L are not resident in the same territory, or
  - (b) in such other cases as may be prescribed by regulations made by the Treasury.
- (7) Section 61 (second method of calculation) applies for the purposes of subsections (3) and (4) if section 58 does not apply for those purposes.

**Changes to legislation:**

There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 65.