



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 dividends: restriction of relief, and particular cases

70 Underlying tax reflecting interest on loans

- (1) Subsection (2) applies if—
- (a) a bank, or a company connected with a bank, makes a claim for an allowance by way of credit in accordance with this Chapter,
 - (b) there is a dividend-paying chain (see section 64) in which—
 - (i) the first company is the claimant, and
 - (ii) the second company is a company resident outside the United Kingdom,
 - (c) the claimant—
 - (i) controls directly or indirectly, or
 - (ii) is a subsidiary of a company which controls directly or indirectly, at least 10% of the voting power in the second company,
 - (d) the claim relates to underlying tax on a dividend paid by the second company,
 - (e) that underlying tax is, or includes, tax payable under the law of a territory outside the United Kingdom on, or by reference to, interest or dividends

Status: This is the original version (as it was originally enacted).

earned or received in the course of its business by a company (“the receiving company”) which is—

- (i) the second company, or
 - (ii) a company lower in the chain than the second company, and
- (f) section 44 would have applied to the receiving company had it been resident in the United Kingdom.
- (2) The amount of the credit for the tax mentioned in subsection (1)(e) (“the non-UK tax”) is not to exceed the sum equal to corporation tax, at the rate in force at the time the non-UK tax was chargeable, on—

ID – E

where—

ID is the amount of the interest or dividends mentioned in subsection (1)(e), and

E is the amount of the receiving company’s expenditure which is properly attributable to the earning of that interest or those dividends.

- (3) For the purposes of subsection (1)(a)—
- (a) “bank” means a company carrying on, in the United Kingdom or elsewhere, any trade which includes the receipt of interest or dividends, and
 - (b) whether a company is connected with a bank is determined in accordance with section 1122 of CTA 2010.
- (4) For the purposes of subsection (1)(c), the claimant is a subsidiary of another company (“P”) if P controls, directly or indirectly, at least 50% of the voting power in the claimant.