
STATUTORY INSTRUMENTS

1995 No. 1324

INCOME TAX

The Income Tax (Manufactured Overseas Dividends) (Amendment) Regulations 1995

<i>Made</i>	- - - -	<i>16th May 1995</i>
<i>Laid before the House of Commons</i>	- - - -	<i>17th May 1995</i>
<i>Coming into force</i>	- -	<i>7th June 1995</i>

The Treasury, in exercise of the powers conferred on them by paragraphs 1(1) and 4(7) and (7A) of Schedule 23A to the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Income Tax (Manufactured Overseas Dividends) (Amendment) Regulations 1995 and shall come into force on 7th June 1995.

Interpretation

2. In these Regulations “the principal Regulations” means the Income Tax (Manufactured Overseas Dividends) Regulations 1993(2) and “regulation” means a regulation of those Regulations.

Amendments to the principal Regulations

3. In regulation 2 for the definition of “chargeable period” there shall be substituted—
““chargeable period” has the meaning given by regulation 2A;”.
4. After regulation 2 there shall be inserted the following regulation—

“Chargeable period

2A.—(1) In these Regulations “chargeable period”—

(1) 1988 c. 1. Schedule 23A was inserted by section 58(2) of, and paragraph 1 of Schedule 13 to, the Finance Act 1991 (c. 31) and was brought into effect, so far as it relates to manufactured overseas dividends on overseas securities, on 21st April 1993 by S.I. 1993/933 (C.17). Sub-paragraph (7A) of paragraph 4 of the Schedule was inserted by section 124 of the Finance Act 1994 (c. 9). See also the definitions of “dividend manufacturing regulations” and “prescribed” in paragraph 1(1) of the Schedule.

(2) S.I. 1993/2004.

- (a) as respects a company, means its accounting period for the purposes of corporation tax;
 - (b) as respects a person other than a company who pays a manufactured overseas dividend in a period for which he draws up accounts (“the accounts period”), means the period in which the payment is made, being one of the periods specified in paragraph (2) below.
 - (c) as respects a person other than a company who pays a manufactured overseas dividend on a date falling within a time for which he does not draw up accounts (“the non-accounts period”), means the period in which the payment is made, being one of the periods specified in paragraph (3) below;
- (2) The periods specified in this paragraph are—
- (a) the period which begins at the beginning of the accounts period and ends at the expiration of 12 months from that date or, if earlier, at the end of the accounts period;
 - (b) any subsequent period which—
 - (i) begins at the end of the immediately preceding period, being a period specified in this paragraph, and
 - (ii) ends at the expiration of 12 months from that date or, if earlier, at the end of the accounts period.
- (3) The periods specified in this paragraph are—
- (a) the period which begins on the date of the first payment of a manufactured overseas dividend made by that person in the non-accounts period and ends at the expiration of 12 months from the date of that payment or, if earlier, at the end of the non-accounts period;
 - (b) any subsequent period which—
 - (i) begins on the date on which a manufactured overseas dividend is first paid by that person after the end of the immediately preceding period, being a period specified in this paragraph, and
 - (ii) ends at the expiration of 12 months from the date of that payment or, if earlier, at the end of the non-accounts period.”
5. In regulation 9—
- (a) after sub-paragraph (a) of paragraph (2) there shall be inserted the following sub-paragraph—
 - “(aa) the overseas dividends referred to in paragraph (1)(a) are not treated, by virtue of paragraph 5(2)(b) of Schedule 23A, as the income of a person other than the overseas dividend manufacturer.”;
 - (b) after paragraph (4) there shall be inserted the following paragraph—
 - “(4A) Subject to paragraph (5), where—
 - (a) overseas dividends or manufactured overseas dividends received by the overseas dividend manufacturer in any chargeable period fall to be matched, in accordance with regulation 10(1), against manufactured overseas dividends paid by him in that period, or
 - (b) tax attributable to overseas dividends or manufactured overseas dividends received by him in any chargeable period is set off, in accordance with this regulation, against tax attributable to manufactured overseas dividends paid by him in that period,

relief under Part XVIII of the Taxes Act may not be claimed by the overseas dividend manufacturer in respect of any tax attributable to the overseas dividends or manufactured overseas dividends received.”

6. In regulation 10(1)(a)—

- (a) in paragraph (i) for the words from “pursuant” to the end there shall be substituted the words “other than manufactured overseas dividends in respect of which tax falls to be accounted for and paid under paragraph 4(3) of Schedule 23A or regulation 4(3)”;
- (b) in paragraph (iii) for the words “has been” in the second place where they occur there shall be substituted the words “falls to be”.

16th May 1995

Timothy Kirkhope
Derek Conway
Two of the Lords Commissioners of Her
Majesty’s Treasury

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Income Tax (Manufactured Overseas Dividends) Regulations 1993 (S.I.1993/2004) (“the principal Regulations”).

Regulation 1 provides for citation and commencement, and regulation 2 contains definitions.

Regulations 3 and 4 substitute a new definition of “chargeable period” by way of clarification of the previous definition.

Regulation 5 makes two amendments to regulation 9 of the principal Regulations. The first amendment secures that offsetting of tax payable by overseas dividend manufacturers against tax in respect of overseas dividends received by them is only possible where the overseas dividends received constitute income of the overseas dividend manufacturer, and not income of another person. The second amendment provides that double taxation relief may not be claimed by an overseas dividend manufacturer where under regulation 10 of the principal Regulations overseas dividends or manufactured overseas dividends received by him are matched against manufactured overseas dividends paid by him or, except to the extent of any excess credit balance which results, where there is offsetting of tax under regulation 9 of the principal Regulations.

Regulation 6 makes two amendments to regulation 10(1)(a) of the principal Regulations which relates to the order of priority in which overseas dividends and manufactured overseas dividends received by an overseas dividend manufacturer in any chargeable period fall to be matched against manufactured overseas dividends paid by him in that period. The first amendment extends the scope of paragraph (i) of regulation 10(1)(a)— the first item in the order of priority— so as to comprise all manufactured overseas dividends received by the overseas dividend manufacturer without deduction of tax other than manufactured overseas dividends in respect of which he is liable to account for tax. The second amendment is by way of a drafting amendment to paragraph (iii) of regulation 10(1)(a).