

2009 No. 2811

INCOME TAX

CORPORATION TAX

**The Income Tax (Manufactured Overseas Dividends)
(Amendment) Regulations 2009**

Made - - - - 11 a.m. on 21st October 2009

Laid before the House of Commons 21st October 2009

Coming into force - - at 1.15 p.m. on 21st October 2009

The Treasury make the following Regulations in exercise of the powers conferred by paragraphs 8(1) and (1A) of Schedule 23A to the Income and Corporation Taxes Act 1988(a) and sections 582 and 585(1) and (2) of the Income Tax Act 2007(b).

Citation, commencement and effect

1. These Regulations may be cited as the Income Tax (Manufactured Overseas Dividends) (Amendment) Regulations 2009, shall come into force at 1.15 p.m. on 21st October 2009, and shall have effect in relation to manufactured overseas dividends made or treated as made on or after 1.15 p.m. on that day.

Amendment of the Income Tax (Manufactured Overseas Dividends) Regulations 1993

2.—(1) The Income Tax (Manufactured Overseas Dividends) Regulations 1993(c) are amended as follows.

(2) In regulation 7 (disapplication of paragraph 4(3) of Schedule 23A(d)) omit paragraphs (3A) to (3E).

*Dave Watts
Tony Cunningham*

21st October 2009

Two of the Lords Commissioners of Her Majesty's Treasury

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- (a) 1988 c. 1; Schedule 23A was inserted by paragraph 1 of Schedule 13 to the Finance Act 1991 (c. 31), paragraph 8(1) was amended by section 159(7) of the Finance Act 1996 (c. 8) and paragraph 13(1) of Schedule 10 to the Finance Act 1997 (c. 16) and paragraph 8(1A) was inserted by section 159(8) of the Finance Act 1996. Paragraphs 8(1) and (1A) were amended by paragraph 238(8) of Schedule 1 to, and Part 1 of Schedule 3 to the Income Tax Act 2007 (c. 3). See paragraph 1(1) of Schedule 23A for the definitions of “dividend manufacturing regulations” and “prescribe”.
- (b) 2007 c. 3.
- (c) S.I. 1993/2004 was amended by 2007/2487, there are other amending instruments but none are relevant.
- (d) Paragraph 4(3) of Schedule 23A to the Income and Corporation Taxes Act 1988 was rewritten in section 923 of the Income Tax Act 2007.

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 7 of the principal Regulations provides that in certain circumstances a recipient resident in the United Kingdom of manufactured overseas dividends paid by a person not resident in the United Kingdom need not account for tax in respect of the overseas dividends (as required by section 923 of the Income Tax Act 2007). Regulation 7 also treats the recipient as having suffered the foreign tax deducted from the overseas dividend in respect of which the manufactured overseas dividend was paid. Paragraphs (3A) to (3E) of Regulation 7 of the principal Regulations govern the amount of foreign tax which may be claimed as double taxation relief by the recipient. These Regulations amend the principal Regulations by omitting paragraphs (3A) to (3E) of Regulation 7. The effect of this amendment is that the recipient will be taxable on the manufactured overseas dividend received without relief being available for any foreign tax suffered on the overseas dividend.

A full Impact Assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen

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£4.00