



Taxation (International and Other Provisions) Act 2010

2010 CHAPTER 8

PART 2

DOUBLE TAXATION RELIEF

CHAPTER 1

DOUBLE TAXATION ARRANGEMENTS AND UNILATERAL RELIEF ARRANGEMENTS

Unilateral relief arrangements

17 Rule 9: credit in relation to dividends for spared tax

(1) Subsection (2) applies if—

- (a) under the law of the territory, an amount of tax (“the spared tax”) would, but for a relief, have been payable by a company resident in the territory (“company A”) in respect of any of its profits,
- (b) company A pays a dividend out of those profits to another company resident in the territory (“company B”),
- (c) company B, out of profits which consist of or include the whole or part of that dividend, pays a dividend to a company resident in the United Kingdom (“company C”), and
- (d) the circumstances are such that, had company B been resident in the United Kingdom, it would have been entitled, as a result of the operation of section 20(2) in relation to double taxation arrangements made in relation to the territory, to treat the spared tax for the purposes of Chapter 2 as having been payable.

(2) The spared tax is to be taken into account—

- (a) for the purposes of sections 9 to 16, and

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- (b) subject to section 31(4), for the purposes of Chapter 2 in its application to relief under these rules in relation to the dividend paid to company C, as if it had been payable and paid.
- (3) References in these rules and that Chapter—
 - (a) to tax payable or chargeable, or
 - (b) to tax not chargeable directly or by deduction,are to be read in accordance with subsection (2).
- (4) Except as provided by subsection (2), in relation to any dividend paid—
 - (a) by a company resident in the territory,
 - (b) to a company resident in the United Kingdom,credit as a result of these rules is not to be given under section 63(5) in respect of tax which would have been payable under the law of the territory, or under the law of any other territory outside the United Kingdom, but for a relief.
- (5) Subsection (4) has effect despite any double taxation arrangements—
 - (a) made in relation to the territory, or
 - (b) made in relation to any other territory outside the United Kingdom,which make provision about a relief given, under the law of the territory in relation to which the arrangements are made, with a view to promoting industrial, commercial, scientific, educational or other development in a territory outside the United Kingdom.
- (6) In this section “these rules” means sections 9 to 16 and this section.

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