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SCHEDULES

SCHEDULE 1

ABOLITION OF DIVIDEND TAX CREDITS ETC

Further amendments in CTA 2010

- 28 CTA 2010 is further amended as follows.
- 29 (1) Section 279F (ring fence profits: related 51% group company) is amended as follows.
- (2) In subsection (7)(c) (conditions to be met by a company's dividend income in order for company to be a passive company), in sub-paragraph (ii) (dividends must be franked investment income) for “franked investment income” substitute “ exempt ABGH distributions ”.
- (3) After subsection (9) insert—
- “(10) In subsection (7)(c) “exempt ABGH distribution” means a distribution which—
- (a) is a distribution for the purposes of the Corporation Tax Acts only because it falls within paragraph A, B, G or H in section 1000(1), and
- (b) is exempt for the purposes of Part 9A of CTA 2009 (company distributions).”
- 30 (1) Section 279G (ring fence profits: meaning of “augmented profits”) is amended as follows.
- (2) In subsection (1)(b) (franked investment income is part of augmented profits unless excluded)—
- (a) for “franked investment income” substitute “ exempt ABGH distributions ”, and
- (b) for “is” substitute “ are ”.
- (3) In subsection (3) (exclusion of franked investment income received from certain subsidiaries etc), for “franked investment income” substitute “ exempt ABGH distribution ”.
- (4) After subsection (4) insert—
- “(5) In this section “exempt ABGH distribution” means a distribution which—
- (a) is a distribution for the purposes of the Corporation Tax Acts only because it falls within paragraph A, B, G or H in section 1000(1), and
- (b) is exempt for the purposes of Part 9A of CTA 2009 (company distributions).”
- 31 For section 463(7) (loan to trustees of settlement which has ended: amount on which debtor taxed when all or part of loan released or written off) substitute—

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“(7) The amount which Y is treated as receiving is equal to the amount released or written off.”

- 32 (1) Section 549 (distributions: supplementary) is amended as follows.
- (2) Omit subsection (2) (which excludes entitlement to tax credits).
- (3) In subsection (2A) (which disapplies sections 409 to 414 of ITTOIA 2005), for “414” substitute “ 413A ”.
- 33 (1) Section 751 (interpretation of Part 15 (transactions in securities)) is amended as follows.
- (2) The existing text becomes subsection (1).
- (3) In that subsection, in the definition of “dividends”, omit “qualifying”.
- (4) After that subsection insert—
- “(2) In the definition of “dividends” given by subsection (1), “other distributions” does not include a distribution which is a distribution for the purposes of the Corporation Tax Acts only because it falls within paragraph C or D in section 1000(1) (redeemable share capital or security issued as bonus in respect of shares in, or securities of, the company).”
- 34 Omit section 814D(8) (which excludes entitlement to tax credits).
- 35 Omit section 997(5) (which introduces sections 1109 to 1111).
- 36 In sections 1026(1)(b) and 1027(2)(b) (cases where amount paid up in respect of bonus shares does not fall to be treated as a qualifying distribution) omit “qualifying”.
- 37 (1) Section 1070 (distributions by company carrying on mutual business) is amended as follows.
- (2) In subsection (2) (provisions about distributions apply to company's distributions only where made out of taxed profits or franked investment income), for paragraph (b) (franked investment income) substitute—
- “(b) income of the company consisting of exempt ABGH distributions.”
- (3) After subsection (5) insert—
- “(5A) In subsection (2) “exempt ABGH distribution” means a distribution which—
- (a) is a distribution for the purposes of the Corporation Tax Acts only because it falls within paragraph A, B, G or H in section 1000(1), and
- (b) is exempt for the purposes of Part 9A of CTA 2009 (company distributions).”
- 38 (1) Section 1071 (company not carrying on business) is amended as follows.
- (2) In subsection (5) (provisions about distributions apply to company's distributions only where made out of taxed profits or franked investment income), for paragraph (b) (franked investment income) substitute—
- “(b) income of the company consisting of exempt ABGH distributions.”
- (3) After subsection (5) insert—
- “(5A) In subsection (5) “exempt ABGH distribution” means a distribution which—

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- (a) is a distribution for the purposes of the Corporation Tax Acts only because it falls within paragraph A, B, G or H in section 1000(1), and
 - (b) is exempt for the purposes of Part 9A of CTA 2009 (company distributions).”
- 39 (1) Section 1100 (qualifying distribution: right to request a statement) is amended as follows.
 - (2) In subsection (1) (requests for statement)—
 - (a) for “qualifying distribution” substitute “ distribution to which this section applies ”, and
 - (b) omit paragraph (b) (amount of any tax credit), and the “and” preceding it.
 - (3) After subsection (4) insert—

“(4A) This section applies to any distribution other than one which is a distribution for the purposes of the Corporation Tax Acts only because it falls within paragraph C or D in section 1000(1) (redeemable share capital or security issued as bonus in respect of shares in, or securities of, the company).”
 - (4) Omit subsections (2) and (5) (interpretation of subsection (1)(b)).
 - (5) In subsection (7) (section to be read with section 396A(2) of ITTOIA 2005)—
 - (a) for “needs” substitute “ , and sections 1101 to 1103, need ”, and
 - (b) for “as “qualifying distributions” for the purposes of this section” substitute “ as distributions to which this section applies ”.
 - (6) In the heading, for “Qualifying” substitute “ Certain ”.
- 40 (1) Section 1101 (non-qualifying distributions etc: returns and information) is amended as follows.
 - (2) In subsection (1) (duty to make return), for “which is not a qualifying distribution” substitute “ to which section 1100 does not apply ”.
 - (3) In subsection (4) (duty to make return where not clear whether distribution is non-qualifying), for “which is not a qualifying distribution” substitute “ to which section 1100 does not apply ”.
 - (4) In the heading, and in the heading of section 1102, for “Non-qualifying” substitute “ Other ”.
- 41 In section 1103 (regulations about information about non-qualifying distributions)
 - (a) in subsection (2) (purpose for which sections 1101 and 1102 may be rewritten), for “which are not qualifying distributions” substitute “ to which section 1100 does not apply ”,
 - (b) in subsection (4) (special arrangements about matters specified in subsection (5)), for “matters” substitute “ matter ”, and
 - (c) in subsection (5)—
 - (i) for “Those matters are” substitute “ That matter is ”, and
 - (ii) omit paragraph (b) (tax credits), and the “and” preceding it.
- 42 (1) Section 1106 (interpretation of sections 1104 and 1105) is amended as follows.
 - (2) In subsection (4) (meaning of “tax certificate”)—

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- (a) after paragraph (a) insert “ and ”, and
 - (b) omit paragraph (c) (tax credits), and the “and” preceding it.
- (3) Omit subsections (5) and (6) (interpretation of subsection (4)(c)).
- 43 Omit sections 1110 and 1111 (recovery of overpaid tax credits etc).
- 44 (1) Section 1115 (meaning of “new consideration” in Part 23) is amended as follows.
- (2) In subsections (5)(a) and (6)(b) for “qualifying” substitute “ non-CD ”.
- (3) After subsection (6) insert—
- “(7) In this section “non-CD distribution” means any distribution other than one which is a distribution for the purposes of the Corporation Tax Acts only because it falls within paragraph C or D in section 1000(1) (redeemable share capital or security issued as bonus in respect of shares in, or securities of, the company).”
- 45 In section 1119 (definitions for the purposes of the Corporation Tax Acts) omit the entries for “franked investment income”, “qualifying distribution” and “tax credit”.
- 46 Omit section 1126 (meaning of “franked investment income”).
- 47 Omit section 1136 (meaning of “qualifying distribution”).
- 48 Omit section 1139(4) (“relief” includes tax credit).
- 49 In Schedule 2 (transitionals and savings etc) omit paragraph 106(1) (operation of sections 1026 and 1027 in relation to share capital issued before 7 April 1973).
- 50 In Schedule 4 (index of defined expressions) omit the entries for “franked investment income”, “qualifying distribution” and “tax credit”.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)