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SCHEDULES

SCHEDULE 1

ABOLITION OF DIVIDEND TAX CREDITS ETC

Other amendments

- 63 (1) ITA 2007 is amended as follows.
- (2) In section 26(1)(b) (list of provisions giving tax reductions), in the entry for section 401 of ITTOIA 2005, for “qualifying distribution after linked non-qualifying distribution” substitute “distribution repaying shares or security issued in earlier distribution”.
- (3) In section 31 (calculation of total income)—
- (a) omit subsection (3) (dividend etc treated as increased by amount of tax credit), and
 - (b) in subsection (4), for “Subsections (2) and (3) apply” substitute “Subsection (2) applies”.
- (4) In section 425(5) (deductions in calculating total amount of income tax for gift aid purposes)—
- (a) in paragraph (a)—
 - (i) in sub-paragraph (i) omit “or 400(2)”, and
 - (ii) omit sub-paragraphs (ii) and (iii),
 - (b) after paragraph (a) insert “ and ”,
 - (c) in paragraph (b), for “680(3)(b) or (4)” substitute “ 680(4) ”, and
 - (d) omit paragraph (c), and the “and” before it.
- (5) In section 482 (types of amount charged at special rates for trustees), in the entry for Type 1 amounts, omit “qualifying”.
- (6) In section 487(6) (non-UK resident trustees: disregarded income which is not included in untaxed income)—
- (a) after paragraph (a) insert “ or ”, and
 - (b) omit paragraph (c) (income in respect of which there is a tax credit), and the “or” preceding it.
- (7) In section 498 (discretionary payments by trustees: types of tax to be included in trustees’ tax pool)—
- (a) in subsection (1)—
 - (i) in Type 1 (tax at special rates for trustees on income not attracting tax credits), omit “2, 3 or”,
 - (ii) omit Types 2 and 3 (tax at dividend trust rate on income attracting dividend tax credits), and

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- (iii) in Type 4 (tax charged at basic rate as a result of section 491), omit “at the basic rate”, and
- (b) omit subsection (2) (interpretation of Types 2 and 3).
- (8) In section 502(3) (non-UK resident beneficiaries: disregarded income which is not included in untaxed income)—
 - (a) after paragraph (a) insert “ or ”, and
 - (b) omit paragraph (c) (income in respect of which there is a tax credit), and the “or” preceding it.
- (9) In section 614ZD (treatment of recipient of manufactured payment)—
 - (a) in subsection (3), for “to (6)” substitute “ and (5) ”, and
 - (b) omit subsection (6) (which excludes entitlement to tax credits).
- (10) In section 687 (transactions in securities: meaning of “income tax advantage”)—
 - (a) omit “qualifying” in each place, and
 - (b) in subsection (4), after “In this section” insert “—
 - (a) distribution” 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) of CTA 2010 (redeemable share capital or security issued as bonus in respect of shares in, or securities of, the company), and
 - (b)”.
- (11) In section 713 (interpretation of Chapter 1 (transactions in securities))—
 - (a) the existing text becomes subsection (1),
 - (b) in that subsection, in the definition of “dividends”, omit “qualifying”, and
 - (c) 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).”
- (12) In section 745(1) (transfer of assets abroad: same rate of tax not to be charged twice) —
 - (a) after “at the basic rate,” insert “ or ”, and
 - (b) omit “or the dividend ordinary rate”.
- (13) In section 809S(4) (meaning of “income tax advantage”) omit the words after paragraph (d).
- (14) In section 811(4) (limit on liability to income tax of non-UK residents)—
 - (a) after paragraph (a) insert “ and ”, and
 - (b) omit paragraph (c) (tax credits), and the “and” preceding it.
- (15) In section 815(3) (limit on liability to income tax of non-UK resident companies)—
 - (a) after paragraph (a) insert “ and ”, and
 - (b) omit paragraph (c) (tax credits), and the “and” preceding it.

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- (16) In section 989 (definitions for the purposes of the Income Tax Acts) omit the entries for “qualifying distribution” and “tax credit”.
- (17) In section 1026 (“non-qualifying income” includes income on which tax treated as paid)—
 - (a) in paragraph (a) (deemed payment under sections 399 and 400 of ITTOIA 2005)—
 - (i) omit “or 400(2)”, and
 - (ii) for “from UK resident companies on which there is no tax credit” substitute “to non-UK resident persons ”, and
 - (b) omit paragraphs (b) and (c) (deemed payment under sections 414 and 421 of ITTOIA 2005).
- (18) In Schedule 1 (minor and consequential amendments) omit paragraphs 26, 245(2)(a) and (3), 446(27), 515(3), 516, 517(2), 520 and 522.
- (19) In Schedule 4 (index of defined expressions) omit the entries for “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\(3\)](#)