
Status: This is the original version (as it was originally enacted).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

SCHEDULES.

SCHEDULE 16

DOUBLE TAXATION RELIEF, AND OVERSEAS TRADE CORPORATIONS.

PART I

DOUBLE TAXATION RELIEF.

Income Tax.

- 1 As from such year of assessment as Parliament may hereafter determine, paragraphs 2 and 3 below shall have effect in the case of persons resident in the United Kingdom in place of paragraphs 5, 6 and 8 of Schedule 16 to the Income Tax Act 1952, and shall be construed and have effect as if contained in that Schedule.
- 2 (1) Where credit for foreign tax falls to be allowed in respect of any income, and income tax is payable by reference to the amount received in the United Kingdom, the amount received shall be treated for purposes of income tax as increased by the amount of the foreign tax in respect of the income, including in the case of a dividend underlying tax.
- (2) Where credit for foreign tax falls to be allowed in respect of any income, and subparagraph (1) above does not apply, then in computing the amount of the income for purposes of income tax—
- (a) no deduction shall be made for foreign tax (whether in respect of the same or any other income); and
 - (b) the amount of the income shall, in the case of a dividend, be treated as increased by any underlying tax.
- (3) The amount of any income shall not be treated as increased under this paragraph by reference to any foreign tax not payable but falling to be taken into account for purposes of credit by virtue of section 17 of the Finance Act 1961 (foreign tax reliefs to promote development).
- (4) In this paragraph " underlying tax " means in relation to a dividend tax which is not chargeable directly or by deduction in respect of the dividend but is to be taken into account in considering whether any, and if so what, credit is to be allowed against income tax in respect of the dividend.
- 3 (1) The amount of the credit for foreign tax to be allowed to a person against income tax for any year of assessment shall not exceed the difference between the amounts of income tax which would be borne by him for the year (no credit being allowed for foreign tax)—
- (a) if he were charged to tax on his total income for the year, computed in accordance with paragraph 2 above; and

*Status: This is the original version (as it was originally enacted).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

- (b) if he were charged to tax on the same income, computed in the same way, but excluding the income in respect of which the credit is to be allowed.
- (2) Where credit for foreign tax is to be allowed in respect of income from more than one source sub-paragraph (1) above shall be applied successively to the income from each source, but so that on each successive application paragraph (a) shall apply to the total income exclusive of the income to which the sub-paragraph has already been applied.
- (3) Without prejudice to sub-paragraphs (1) and (2) above the total credit to be allowed to a person against income tax for any year of assessment for foreign tax under all arrangements having effect by virtue of section 347 of the Income Tax Act 1952 shall not exceed the total income tax payable by him for that year of assessment, less any tax which he is entitled to charge against any other person.