Finance Act 1966

1966 CHAPTER 18

PART III

CORPORATION TAX ACTS

Double taxation relief.

30   Unilateral relief for underlying tax etc.

(1) Paragraph 4 of Part I of Schedule 17 to the Income Tax Act 1952 (which as extended by section 64 of the Finance Act 1965 affords unilateral relief from income tax and corporation tax in respect of dividends paid by companies resident in the Commonwealth territories, for overseas taxation on their profits) shall be repealed as respects any dividend paid (in the sense of section 89(4) of the Finance Act 1965) after 5th April 1966, and section 64(2)(b) of the Finance Act 1965 (which provides for the prospective repeal of the said paragraph 4) shall also be repealed.

(2) Relief from income tax for the year 1968-69 or later years of assessment, or from corporation tax for the financial year 1968 or later years, shall not be given by allowing credit under paragraph 1 of Part I of the said Schedule 17 for overseas tax on a dividend paid by a company resident in a territory outside the United Kingdom unless—

   (a)   the overseas tax is directly charged on the dividend, whether by charge to tax or deduction of tax at source or otherwise, and the whole of it represents tax which neither the company nor the recipient would have borne if the dividend had not been paid, or

   (b)   the dividend is paid to a company within paragraph 3 in the said Part I (that is to say a company resident in the United Kingdom which controls, directly or indirectly, not less than a fraction of the voting power in the company paying the dividend, the fraction being, by virtue of paragraph 4(3) of Schedule 16 to the Finance Act 1965, one-tenth as respects dividends paid by a company resident in the Commonwealth territories and one-quarter in other cases), or

(c)   the dividend is paid to a company to which paragraph 5(1) of the said Schedule 16 (companies carrying on foreign insurance business) applies and is a dividend of the kind described in that sub-paragraph.