SCHEDULES

[F1SCHEDULE 29

PAYING AND COLLECTING AGENTS ETC.]

Textual Amendments

F1 Sch. 29 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Notes 1-3 of the amending Act) by 2000 c. 17, s. 156, **Sch. 40 Pt. II(17)**

PART I

THE NEW CHAPTER

[F1 1 In Part IV of the Taxes Act 1988 (provisions relating to the Schedule D charge) the following Chapter shall be inserted after Chapter VII—

"CHAPTER VIIA

PAYING AND COLLECTING AGENTS

Definitions.

118A In this Chapter—

(a) except in the terms "agent concerned", "collecting agent" and "paying agent", references to an "agent" include a person acting as nominee or sub-agent for an agent;

(b) "bank" has the meaning given by section 840A;

(c) the "chargeable date"—

(i) in the case of a relevant payment, has the meaning given by section 118B(5); and

(ii) in the case of a relevant receipt, has the meaning given by section 118C(4);

(d) "collecting agent" has the meaning given by section 118C(1), and in relation to any relevant receipt or chargeable receipt, a reference to the collecting agent is a reference to the collecting agent by virtue of whose performance of a relevant function that receipt was received or arose;

(e) in relation to any dividends, references to "coupons" include warrants for and bills of exchange purporting to be drawn or made in payment of those dividends;

(f) references to a depositary include references to a person acting as agent or nominee for a depositary;

(g) except in paragraph (h) below, references to "dividends" are references to foreign dividends, United Kingdom public revenue dividends or relevant dividends as the context requires;

(h) "foreign dividends" means any annual payments, interest or dividends payable out of or in respect of foreign holdings;

(i) "foreign holdings" means the stocks, funds, shares or securities of any body of persons not resident in the United Kingdom or of a government or public or local authority in a country outside the United Kingdom;

(j) "gilt-edged securities" means any securities which—

(i) are gilt-edged securities for the purposes of the 1992 Act; or

(ii) will be such securities on the making of any order under paragraph 1 of Schedule 9 to that Act the making of which is anticipated in the prospectus under which they were issued;

(k) "international organisation" has the meaning given by section 51A(8);

(l) references to a "nominee" include a person acting as agent or nominee for a nominee;

(m) "paying agent" has the meaning given by section 118B(1);

(n) "prescribed" means prescribed in regulations made by the Board under this Chapter or prescribed by the Board in accordance with such regulations;

(o) "quoted Eurobond" means a quoted Eurobond within the meaning of section 124 the interest on which is chargeable to tax under Case III of Schedule D, and "quoted Eurobond interest" means interest on such a quoted Eurobond;

(p) "relevant dividends" means foreign dividends and quoted Eurobond interest;

(q) "relevant holdings" means foreign holdings and quoted Eurobonds;

(r) "relevant payment" has the meaning given by section 118B(5);

(s) "relevant receipt" has the meaning given by section 118C(2);

(t) "securities" includes any loan stocks or similar securities, whether secured or unsecured; and

(u) "United Kingdom public revenue dividends" means income from securities which is payable out of the public revenue of the United Kingdom or Northern Ireland.

Paying agents.

118B(1) A person specified in column 1 of Table A below shall be a paying agent for the purposes of this Chapter in relation to such dividends as are—

(a) of a description set out in column 2 of that Table opposite his specification; and

(b) entrusted to him for payment or distribution.

Table A

1	2

1. Any person in the United Kingdom.	United Kingdom public revenue dividends
2. The Bank of England	United Kingdom public revenue dividends paid on securities entered in the register of the Bank of Ireland in Dublin
3. Any person in the United Kingdom	foreign dividends which are payable to persons in the United Kingdom and do not fall within subsection (4) below

(2) The Bank of England and the Bank of Ireland shall be treated as paying agents for the purposes of this Chapter in relation to United Kingdom public revenue dividends which are payable to them.

(3) The National Debt Commissioners shall be treated as paying agents for the purposes of this Chapter in relation to United Kingdom public revenue dividends payable by them.

(4) Foreign dividends fall within this subsection if they are payable out of, or in respect of, the stocks, funds, shares or securities of an organisation which is for the time being designated for the purposes of this subsection pursuant to section 582A(1).

(5) Any payment in relation to which a person is a paying agent shall be a relevant payment for the purposes of this Chapter; and the chargeable date is—

(a) in relation to such a payment as is mentioned in subsection (2) above, the date on which the payment is received; and

(b) in relation to any other relevant payment, the date on which the payment is made.

Collecting agents.

118C(1) Subject to subsection (3) below, a person described in column 1 of Table B below shall be a collecting agent for the purposes of this Chapter in relation to such functions performed by him as are set out in that description, which shall be relevant functions for the purposes of this Chapter.

(2) Such dividends or proceeds of sale or other realisation as—

(a) are set out in column 2 of Table B below opposite the description of a collecting agent in column 1; and

(b) are received or arise by virtue of that collecting agent's performance of a relevant function comprised in that description

shall be relevant receipts for the purposes of this Chapter.

Table B

1	2
1. Any person in the United Kingdom who, in the course of a trade or	any relevant dividends in respect of those relevant holdings which are received by

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 1996, Part I. (See end of Document for details)*

profession, acts as custodian of any relevant holdings	him or are paid to another person at his direction or with his consent
2. Any person in the United Kingdom who, in the course of a trade or profession, by means of coupons collects or secures payment of or receives relevant dividends for another person	the relevant dividends which he so collects or receives or of which he so secures payment
3. Any person in the United Kingdom who, in the course of a trade or profession, otherwise acts for another person in arranging to collect or secure payment of relevant dividends	the relevant dividends which he so collects or of which he so secures payment
4. Any bank in the United Kingdom which sells or otherwise realises coupons for relevant dividends and pays over the proceeds or carries them into an account	the proceeds of sale or other realisation of those coupons
5. Any dealer in coupons in the United Kingdom who purchases any coupons for relevant dividends otherwise than from a bank or another dealer in coupons	the proceeds of sale of those coupons

(3) Neither the clearing of a cheque, nor the arranging for the clearing of a cheque, shall of itself be a relevant function.

(4) The chargeable date, in relation to a relevant receipt, is—

(a) in the case of a relevant receipt falling within paragraph 4 or 5 of Table B above, the date on which the sale or realisation is effected, and

(b) in any other case, the date on which the dividends are paid.

(5) For the purposes of paragraph 1 of Table B above, a person acts as a custodian of relevant holdings if he holds them, or an entitlement to them, for another person.

(6) The Board may by regulations provide for the application of the provisions of this Chapter relating to collecting agents where—

(a) a person in the United Kingdom—

(i) holds, beneficially or otherwise, a right (the relevant right) which is a right to delivery of, or to amounts representing the whole or substantially the whole of the value of, a specified quantity of shares or securities comprised in a relevant holding which is held by a person outside the United Kingdom, and

(ii) is entitled to receive income (the relevant income) which is derived from, or which represents, foreign dividends or quoted Eurobond interest on that quantity of shares or securities; and

(b) apart from the provisions of the regulations, the relevant right is not a relevant holding, or the relevant income does not constitute foreign dividends or quoted Eurobond interest.

(7) Regulations under subsection (6) above may—

(a) treat the relevant right as a foreign holding or, as the case may be, a holding of quoted Eurobonds (the notional holding); and

(b) treat the relevant income as foreign dividends or, as the case may be, quoted Eurobond interest paid on the notional holding.

Chargeable payments and chargeable receipts.

118D (1) For the purposes of this Chapter, every relevant payment shall be a chargeable payment unless—

(a) it is made in respect of a foreign dividend—

(i) which is payable on foreign holdings held in a recognised clearing system; and

(ii) in respect of which any conditions imposed by virtue of subsection (8) below are satisfied; or

(b) it is a payment of interest on an exempted certificate of deposit; or

(c) the making of the payment is excluded from being a chargeable payment by subsections (4), (5) or (6) below or by section 118G.

(2) For the purposes of this Chapter, every relevant receipt shall be a chargeable receipt, unless—

(a) it arises in respect of relevant holdings which are held in a recognised clearing system and—

(i) the collecting agent pays or accounts for the relevant receipt directly or indirectly to the recognised clearing system, and

(ii) any conditions imposed by virtue of subsection (8) below are satisfied; or

(b) it arises in respect of relevant holdings which are held in a recognised clearing system for which the collecting agent is acting as depositary; or

(c) it is excluded from being a chargeable receipt by subsection (7) below or by section 118G.

(3) In subsection (1)(b) above, "exempted certificate of deposit" means a certificate of deposit (within the meaning of section 56(5)) issued by a person in the United Kingdom relating to a deposit with a branch in the United Kingdom through which a company resident outside, and not resident in, the United Kingdom carries on a trade.

(4) The payment of United Kingdom public revenue dividends on securities the interest on which is, by virtue of directions given (or treated by section 51 as having been given) under section 50(1), payable without deduction of income tax shall not be a chargeable payment unless the interest is for the time being payable under deduction of income tax pursuant to an application made (or treated by section 51 as having been made) under section 50(2).

(5) The payment of United Kingdom public revenue dividends in respect of securities standing in the name of the official custodian for charities, or in respect of which there is given to the paying agent a certificate from the Board to the effect that the dividends are subject only to charitable trusts and are exempt from tax, shall not be a chargeable payment.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 1996, Part I. (See end of Document for details)*

(6) In a case where—

(a) foreign dividends are entrusted by a company which at the time they are entrusted (the "relevant time") is not resident in the United Kingdom,

(b) they are entrusted for payment to a company which at the relevant time is resident in the United Kingdom, and

(c) at the relevant time the company mentioned in paragraph (b) above directly or indirectly controls not less than 10 per cent. of the voting power in the company mentioned in paragraph (a) above,

the payment of those dividends shall not be a chargeable payment.

(7) In a case where—

(a) foreign dividends are payable by a company which at the time of the payment (the "relevant time") is not resident in the United Kingdom,

(b) payment of those dividends is collected, received or secured, or coupons for those dividends are realised, on behalf of a company which at the relevant time is resident in the United Kingdom, and

(c) at the relevant time the company mentioned in paragraph (b) above directly or indirectly controls not less than 10 per cent. of the voting power in the company mentioned in paragraph (a) above,

those dividends or, as the case may be, the proceeds of realisation of those coupons shall not be a chargeable receipt.

(8) The Board may by regulations provide that subsection (1)(a) above does not apply in respect of a relevant payment, or that subsection (2)(a) above does not apply in respect of a relevant receipt, unless the paying agent or, as the case may be, the collecting agent has obtained a declaration from the recognised clearing system or its depositary in such form, and containing such information, as may be required by those regulations.

(9) The Board may by regulations make such provision as they may consider appropriate for requiring paying agents and collecting agents to deliver returns setting out particulars of—

(a) any relevant payments made by them which would have been chargeable payments but for the provisions of section 118D(1)(a);

(b) any relevant receipts which would have been chargeable receipts but for the provisions of section 118D(2)(a) or (b);

and for the keeping and production to, or to an officer of, the Board of any document in which any such declaration as is mentioned in subsection (8) above is contained.

Deduction of tax from chargeable payments and chargeable receipts.

118E (1) Subject to subsection (2) below, where a paying agent makes a chargeable payment—

(a) he shall, on making the payment, deduct from it a sum representing the amount of income tax thereon;

(b) he shall become liable to account for that sum;

(c) the person to whom the chargeable payment is made shall allow the deduction on receipt of the residue of the payment, and the paying agent shall be acquitted and discharged of so much money as is

represented by the deduction, as if that sum had actually been paid; and

(d) the deduction shall be treated as income tax paid by the person entitled to the chargeable payment.

(2) In relation to United Kingdom public revenue dividends payable to the Bank of Ireland out of the public revenue of the United Kingdom, or which are entrusted to the Bank of Ireland for payment and distribution and are not payable by that Bank out of its principal office in Belfast, subsection (1) above shall not apply, but—

(a) the money which, apart from this subsection, would be issuable to the Bank of Ireland under section 14 of the [M1]National Debt Act 1870, or otherwise payable to the Bank of Ireland for the purpose of dividends on securities of the United Kingdom government entered in the register of the Bank of Ireland in Dublin, shall be issued and paid to the Bank of England;

(b) the Bank of England shall deduct from the money so issued and paid to it a sum representing the amount of income tax on the dividends payable to the Bank of Ireland, and on the dividends on the securities of the United Kingdom government entered in the register of the Bank of Ireland in Dublin, and shall become liable to account for the same under section 118F(1);

(c) the Bank of England shall pay to the Bank of Ireland the residue of the money so issued and paid to it, to be applied by the Bank of Ireland in payment of the dividends; and

(d) the deduction shall be treated as income tax paid by the person entitled to the dividends, and the Bank of England and the Bank of Ireland shall be acquitted and discharged of so much money as is represented by the deduction, as if that sum had actually been paid.

(3) Where a collecting agent performs a relevant function—

(a) he shall on the chargeable date become liable to account for a sum representing the amount of income tax on any chargeable receipt in relation to which he is the collecting agent;

(b) he shall be entitled—

(i) to be indemnified by the person entitled to the chargeable receipt against the income tax for which he is liable to account in accordance with paragraph (a) above; and

(ii) to deduct out of the chargeable receipt or to retain from any other sums otherwise due from him to the person entitled to the chargeable receipt, or received by him on behalf of that person, amounts sufficient for meeting any liability to account for such income tax which he has discharged or to which he is subject;

(c) the person entitled to the chargeable receipt shall allow the deduction or retention on receipt of the residue of the chargeable receipt, and the collecting agent shall be acquitted and discharged of so much money as is represented by the deduction, as if that sum had actually been paid; and

(d) the amount for which the collecting agent is liable to account shall be treated as income tax paid by the person entitled to the chargeable receipt.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 1996, Part I. (See end of Document for details)*

(4) A paying agent who makes a chargeable payment, or a collecting agent who is required to account for tax on a chargeable receipt, shall, if the person entitled to the chargeable payment or, as the case may be, the chargeable receipt so requests in writing, furnish him within thirty days after receiving that request with a certificate showing—

(a) the gross amount of the payment or receipt;

(b) the amount of income tax treated as paid by him;

(c) the actual amount actually paid or accounted for to him; and

(d) the chargeable date.

(5) The Board may by regulations—

(a) require a certificate furnished pursuant to subsection (4) above to contain information additional to that set out in paragraphs (a) to (d) of that subsection or a declaration made by or on behalf of the paying agent or collecting agent;

(b) make provision for the form of such a certificate or declaration.

(6) The duty imposed by subsection (4) above shall be enforceable at the suit or instance of the person requesting the certificate.

Accounting for tax on chargeable payments and chargeable receipts.

118F (1) Income tax in respect of United Kingdom public revenue dividends for which the Bank of England, the Bank of Ireland, the National Debt Commissioners or any public office or department of the Crown are liable to account pursuant to section 118E(1) or (2) shall become due and payable on the seventh day after the chargeable date and shall be paid into the general account of the Board at the Bank of England or, in the case of the Bank of Ireland, at the Bank of Ireland.

(2) Any other income tax for which a paying agent is liable to account under section 118E(1), and any income tax for which a collecting agent is liable to account under section 118E(3), shall become due and payable on the fourteenth day from the end of the month in which the chargeable date falls.

(3) Any tax due under subsection (1) or (2) above shall carry interest, at the rate applicable under section 178 of the [M2]Finance Act 1989, from the date on which it becomes due until it is paid.

(4) The Board may by regulations make such provision as they may consider appropriate—

(a) for requiring paying agents and collecting agents to deliver returns setting out particulars of—

(i) chargeable payments made by them;

(ii) chargeable receipts in respect of which they are liable to account for tax;

(iii) any relevant payments made by them which would have been chargeable payments but for the provisions of section 118G;

(iv) any relevant receipts which would have been chargeable receipts but for the provisions of section 118G;

(v) the amount of any tax accounted for by them, or for which they are liable to account, in relation to chargeable payments or chargeable receipts;

(vi) in the case of relevant payments falling within sub-paragraph (iii) above, the paragraphs of subsection (3) or (4) of section 118G that applied to them;

(vii) in the case of relevant receipts falling within sub-paragraph (iv) above, the paragraphs of subsection (4) of section 118G that applied to them;

(viii) the names and addresses of the persons entitled to the relevant payments or relevant receipts;

(b) with respect to the furnishing of information by paying agents or collecting agents, including the inspection of books, documents and other records on behalf of the Board;

(c) for the assessment under the regulations of amounts due and for appeals against such assessments;

(d) for the repayment in specified circumstances of amounts paid (or purporting to be paid) under this Chapter.

Relevant securities of eligible persons.

118G (1) Subject to subsection (2) below, and to the provisions of any regulations under section 118H—

(a) any relevant payment to which subsection (3) or (4) below applies shall not be a chargeable payment; and

(b) any relevant receipt to which subsection (4) below applies shall not be a chargeable receipt.

(2) Regulations made under paragraph (g), (h) or (i) of subsection (4) below may provide that only one of paragraphs (a) and (b) of subsection (1) above is to apply by virtue of those regulations in relation to relevant payments or relevant receipts of a particular kind or from a particular source.

(3) This subsection applies to payments of United Kingdom public revenue dividends so long as—

(a) they are exempt from tax by virtue of section 46, 49, 516 or 517;

(b) they are payable in respect of gilt-edged securities which for the time being are treated by section 51A as issued subject to the condition that interest on them is paid without deduction of income tax;

(c) they are payable in respect of securities which have been issued with such a condition as is authorised by section 22(1) of the [M3]Finance (No. 2) Act 1931 and which are for the time being beneficially owned by a person who is not ordinarily resident in the United Kingdom;

(d) they are eligible for relief from tax by virtue of section 505(1)(c) or (d), or would be so eligible but for section 505(3);

(e) they are eligible for relief from tax by virtue of section 592(2), 608(2)(a), 613(4), 614(2), (3) or (4) or 643(2); or

(f) they are payable in respect of securities held by or on behalf of a person of such a description as may be prescribed.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 1996, Part I. (See end of Document for details)*

(4) This subsection applies to relevant payments (not being payments of United Kingdom public revenue dividends) and relevant receipts—

(a) to which a person who, at the chargeable date—

(i) is not resident in the United Kingdom, and

(ii) beneficially owns the relevant holdings from which they are derived,

is beneficially entitled;

(b) which consist of, or of the proceeds of sale or other realisation of coupons for, interest (other than quoted Eurobond interest) to which a bank which, at the chargeable date—

(i) is resident in the United Kingdom, and

(ii) beneficially owns the foreign holdings from which they are derived,

is beneficially entitled;

(c) which arise to the trustees of a qualifying discretionary or accumulation trust in their capacity as such in respect of relevant holdings held on the trusts thereof;

(d) which are eligible for relief from tax by virtue of section 505(1)(c) or (d), or would be so eligible but for section 505(3);

(e) which are eligible for relief from tax by virtue of section 592(2), 608(2)(a), 613(4), 614(2), (3) or (4), 620(6) or 643(2);

(f) which consist of, or of the proceeds of sale or other realisation of coupons for, dividends payable out of the public revenue of the Republic of Ireland or out of or in respect of shares or securities issued by or on behalf of any Republic of Ireland company, society, adventure or concern;

(g) to which a person of such a description as may be prescribed and who, at the chargeable date, beneficially owns the securities from which they are derived, is beneficially entitled;

(h) which are derived from relevant holdings held by or on behalf of a person of such a description as may be prescribed;

(i) which are of such a description as may be prescribed; or

(j) which fall to be treated as the income of, or of the government of, a sovereign power or of an international organisation.

(5) For the purposes of subsection (4)(c) above, a trust is a qualifying discretionary or accumulation trust if—

(a) it is such that some or all of any income arising to the trustees would fall (unless treated as income of the settlor or applied in defraying expenses of the trustees) to be comprised for the year of assessment in which it arises in income to which section 686 (liability to additional rate tax of certain income of discretionary trusts) applies;

(b) the trustees are not resident in the United Kingdom; and

(c) none of the beneficiaries of the trust is resident in the United Kingdom.

(6) The persons who are to be taken for the purposes of subsection (5) above to be the beneficiaries of a discretionary or accumulation trust shall be every

person who, as a person falling wholly or partly within any description of actual or potential beneficiaries, is either—

(a) a person who is, or will or may become, entitled under the trust to receive the whole or any part of any income under the trust; or

(b) a person to or for the benefit of whom the whole or any part of such income may be paid or applied in exercise of any discretion conferred by the trust;

and for the purposes of this subsection references, in relation to a trust, to income under the trust shall include references to so much (if any) of any property falling to be treated as capital under the trust as represents amounts originally received by the trustees as income.

(7) The Board may by regulations provide that a paying agent who is entrusted with the payment or distribution of—

(a) United Kingdom public revenue dividends on securities which are held by a nominee approved for the purposes of this subsection, or

(b) foreign dividends on foreign holdings held by such a nominee,

shall treat those dividends as not being chargeable payments.

(8) For the purpose of giving relief from tax pursuant to arrangements which have effect by virtue of section 788, the Board may by regulations provide that a paying agent who is entrusted with the payment or distribution of United Kingdom public revenue dividends on gilt-edged securities held by a nominee approved for the purposes of this subsection shall—

(a) treat those dividends as not being chargeable payments, or

(b) deduct tax from them at such reduced rates (being lower than the rate that would otherwise be applicable by virtue of section 118E(1)) as may be prescribed.

(9) Where, pursuant to subsection (7) or (8) above, dividends are paid without deduction of tax, or subject to deduction of tax at a reduced rate, the provisions of this Chapter shall apply, subject to subsection (10) below and to the provisions of regulations under section 118H, as though the nominee was the paying agent in relation to those dividends and the chargeable date was the date on which he received them.

(10) Where tax has been deducted from dividends at a reduced rate pursuant to regulations under subsection (8) above, the tax for which the nominee is liable to account by virtue of subsection (9) above shall not exceed the difference between the amount of tax on those dividends at the rate that is applicable by virtue of section 118E(1) and the tax already deducted from them.

Relevant securities of eligible persons: administration.

118H (1) The Board may by regulations provide that section 118G(1) shall not apply as regards relevant payments or relevant receipts—

(a) unless such conditions as may be prescribed are fulfilled;

(b) where the Board have reason to believe that section 118G(3) does not apply to, or to the whole of, any relevant payments; or

(c) where the Board have reason to believe that section 118G(4) does not apply to, or to the whole of, any relevant payments or relevant receipts.

(2) In subsection (3) below, references to the relevant exclusion are to exclusion from being a chargeable payment or chargeable receipt pursuant to section 118G(1) or regulations made under section 118G(7) or (8), or to the deduction of tax at a reduced rate pursuant to regulations under section 118G(8), as the case may be; and references to the agent concerned are to the paying agent or collecting agent or, as the case may be, to the nominee approved for the purpose of section 118G(7) or (8).

(3) Regulations under this section or section 118G(7) or (8) may—

(a) disapply the relevant exclusion in respect of any relevant payments or relevant receipts derived from any securities or relevant holdings unless the appropriate person has made a declaration in writing to the agent concerned, in such form as may be prescribed or authorised by the Board, confirming that the requirements for the exclusion are satisfied;

(b) require the person who makes such a declaration to undertake in the declaration to notify the agent concerned if the circumstances set out in the declaration change;

(c) require the agent concerned to consider the accuracy of any declaration made pursuant to a requirement imposed by virtue of paragraph (a) above;

(d) impose obligations—

(i) on persons having any rights in relation to relevant payments or relevant receipts in respect of which the relevant exclusion applies or is claimed to apply; and

(ii) on persons who are the agents concerned in relation to such relevant payments or relevant receipts as are mentioned in sub-paragraph (i) above

as to the provision of information, and the production of documents, to the Board or, on request, to an officer of the Board;

(e) provide for notices to be issued by the Board to persons who fail to comply with requirements for the provision of information or documents mentioned in paragraph (d) above, disapplying the relevant exclusion in relation to relevant payments or relevant receipts in relation to which they have any rights or in relation to which they are the agents concerned;

(f) impose requirements as to—

(i) the form and contents of any declaration to be made in accordance with the regulations under this section;

(ii) the appropriate person to make such a declaration;

(iii) the form and manner in which, and the time at which, any declaration is to be made or provided; and

(iv) the keeping and production to, or to an officer of, the Board of any document in which any such declaration is contained;

(g) provide for notices to be issued by the Board to such persons as may be described in the regulations where the Board are satisfied that the

relevant exclusion applies, or where the Board are satisfied or have reason to believe that the relevant exclusion does not apply.

(4) Regulations under section 118G(7) or (8) may—

(a) prescribe conditions for the inclusion of securities or foreign holdings in arrangements established under that subsection;

(b) set out procedures for the approval of nominees for the purpose of that subsection and for the withdrawal of such approval.

Deduction of tax at reduced rate.

118I The Board may make regulations which provide for the amount of any income tax which a paying agent would otherwise be liable to deduct under section 118E(1)(a), or for which a collecting agent would otherwise be liable to account under section 118E(3)(a), to be reduced by reference to liabilities for such tax paid under the law of a territory outside the United Kingdom as may be prescribed.

Prevention of double accounting.

118J (1) A relevant dividend the payment of which is a chargeable payment shall not be a chargeable receipt for the purpose of this Chapter.

(2) Subsection (1) above does not prevent the proceeds of sale or other realisation of a coupon from being a chargeable receipt.

(3) The Board may make regulations—

(a) for preventing more than one collecting agent from being liable to account for tax on the same dividend; or

(b) which provide that—

(i) where more than one person is a collecting agent in relation to a dividend, those persons may agree between themselves which one of their number shall be treated as the collecting agent in relation to that dividend; and

(ii) the person so identified shall for all the purposes of this Chapter be treated as the sole collecting agent in relation to that dividend.

Regulations.

118K (1) Any power to make regulations under this Chapter—

(a) may be exercised as regards prescribed cases or descriptions of case; and

(b) may be exercised differently in relation to different cases or descriptions of case, or in relation to different persons or descriptions of person.

(2) Regulations under this Chapter may include such supplementary, incidental, consequential or transitional provisions as appear to the Board to be necessary or expedient.

(3) No specific provision of this Chapter about regulations shall prejudice the generality of subsections (1) and (2) above.”]

Textual Amendments

F1 Sch. 29 para. 1 repealed (28.7.2000 with effect as mentioned in Sch. 40 Pt. II(17) Note 1 of the amending Act) by 2000 c. 17, s. 156, **Sch. 40 Pt. II(17)**

Marginal Citations

M1 1870 c. 71.
M2 1989 c. 26.
M3 1931 c. 49.

Changes to legislation:
There are currently no known outstanding effects for the Finance Act 1996, Part I.