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SCHEDULES

SCHEDULE 10

STOCK LENDING ARRANGEMENTS AND MANUFACTURED PAYMENTS

PART II

MANUFACTURED PAYMENTS

Repeal of section 737 of the Taxes Act 1988

8 Section 737 of the Taxes Act 1988 (manufactured dividends: treatment of tax deducted) shall cease to have effect.

Meaning of “foreign income dividend”

[^{F1}9 In paragraph 1(1) of Schedule 23A to that Act (interpretation of that Schedule), after the definition of “dividend manufacturing regulations” there shall be inserted the following definition—

““foreign income dividend” shall be construed in accordance with Chapter VA of Part VI;”.]

Annotations:

Amendments (Textual)

F1 Sch. 10 para. 9 repealed (31.7.1997 with effect in accordance with s. 36 and Sch. 6 of the amending Act) by 1997 c. 58, s. 52, Sch. 8 Pt. II(11) note (with s. 3(3))

Manufactured dividends on UK equities

^{F2}10

Annotations:

Amendments (Textual)

F2 Sch. 10 para. 10 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 3 Pt. 1 (with Sch. 2)

Manufactured interest on UK securities

^{F3}11

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Annotations:

Amendments (Textual)

F3 Sch. 10 para. 11 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Repeal of paragraph 5 of Schedule 23A

- 12 Paragraph 5 of Schedule 23A to that Act (dividends and interest passing through the market) shall cease to have effect.

Consequential amendments in Schedule 23A

^{F4}13

Annotations:

Amendments (Textual)

F4 Sch. 10 para. 13 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Amendments of Taxes Management Act 1970

- 14 (1) Section 21 of the ^{M1}Taxes Management Act 1970 (information about a market maker's business) shall be amended as follows.
- (2) For subsection (1) there shall be substituted the following subsection—
- “(1) The Board may exercise the powers conferred by this section as respects, and in connection with, any business consisting in or involving dealings in securities; and for the purposes of this section it shall be immaterial whether those dealings are or, as the case may be, were—
- (a) on behalf of persons other than the person carrying on the business;
- (b) by that person on his own behalf; or
- (c) a mixture of the two.”
- (3) In subsection (2)—
- (a) for the word “transactions”, in the first place where it occurs, there shall be substituted “ securities transactions ”; and
- (b) for “market maker” there shall be substituted “ person ”.
- (4) In subsection (3), for “transactions in the course of” there shall be substituted “ securities transactions in the course of any business of a person other than the broker which is ”.
- (5) For subsection (4) there shall be substituted the following subsections—
- “(4) Where a person (“the recipient”) who is not a broker has directly or indirectly received from another person any payment which—
- (a) is made by that other person in the course of a business within subsection (1) above, and

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(b) is a payment treated by that other person as made in respect of interest on securities,

the Board may by notice in writing require the recipient to state, within a time specified in the notice, whether the amount received is in whole or in part received on behalf of, or for payment on to, a third person and (if it is) to furnish the name and address of that third person.

(4A) Where a person (“the payer”) has directly or indirectly paid to another person any sum which—

(a) constitutes a receipt by that other person in the course of a business within subsection (1) above, and

(b) is a receipt treated by that other person as accruing in respect of interest on securities,

the Board may by notice in writing require the payer to state, within a time specified in the notice, whether the amount paid is in whole or in part received from, or paid on account of, a third person and (if it is) to furnish the name and address of that third person.”

(6) In subsection (5)—

(a) for “whether brokers or market makers or not” there shall be substituted “at all”; and

(b) for “transactions” there shall be substituted “ securities transactions ”.

(7) After that subsection there shall be inserted the following subsection—

“(5A) Where it appears to the Board that a person may have incurred a liability to pay or account for tax under Schedule 23A to the principal Act (manufactured payments), the Board may by notice served on that person require him, within such period (not being less than 28 days) as may be specified in the notice, to provide the Board with information which—

(a) is available to that person; and

(b) is or may be relevant to whether that person has incurred such a liability, or to the extent of such a liability.”

(8) For subsection (7) there shall be substituted the following subsection—

“(7) In this section—

“broker” means any person who is a member of a recognised investment exchange, within the meaning of the ^{M2}Financial Services Act 1986;

“interest” includes dividends;

“securities” includes shares and stock; and

“securities transaction” means—

(a) any transaction in securities;

(b) any transaction under which a payment which is representative of any interest on a security has been, is to be or may be made; or

(c) the making or receipt of such a payment.”

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Annotations:

Marginal Citations

- M1** 1970 c. 9.
M2 1986 c. 60.

Repeal of powers to modify information provisions

- 15 Paragraphs 7 and 9 of Schedule 18 to the ^{M3}Finance Act 1986 (which contain powers to modify section 21 of the ^{M4}Taxes Management Act 1970) shall cease to have effect.

Annotations:

Marginal Citations

- M3** 1986 c. 41.
M4 1970 c. 9.

Commencement

- 16 (1) Subject to the following provisions of this paragraph, this Part of this Schedule has effect in relation to any payment of a manufactured dividend or manufactured interest which is a payment made on or after such day as the Treasury may by order made by statutory instrument appoint.
- (2) Paragraph 14 above has effect (instead of in accordance with sub-paragraph (1) above but subject to sub-paragraph (3) below) for the purpose of conferring powers for obtaining information about—
- (a) transactions entered into on or after such day as the Treasury may by order made by statutory instrument appoint; and
 - (b) payments made on or after that day (whether under such transactions or under transactions entered into before that day).
- (3) Nothing in this Part of this Schedule shall affect the exercise, at any time on or after the day appointed under sub-paragraph (2) above, of the powers conferred apart from this Schedule by—
- (a) section 21 of the ^{M5}Taxes Management Act 1970, or by any regulations modifying that section, or
 - (b) section 737(8) of the Taxes Act 1988,
- for obtaining information about transactions entered into, or payments made, before that day.

Annotations:

Subordinate Legislation Made

- P1** Sch. 10 para. 16(1)(2) power fully exercised (20.3.1997): 1.7.1997 appointed by 1997/991, art. 2

Marginal Citations

- M5** 1970 c. 9.

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

- Blanket amendment words substituted by [S.I. 2011/1043 art. 3 4](#)
- Blanket amendment words substituted by [S.I. 2011/1043 art. 3 6](#)

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

- s. 10(3A) omitted by [2012 c. 14 Sch. 24 para. 56](#)
- s. 10(3AA) substituted by [2012 c. 14 Sch. 24 para. 48](#)
- s. 51(A1) inserted by [2007 c. 15 Sch. 13 para. 126\(2\)](#)
- s. 51(A1) omitted by [2008 c. 9 Sch. 43 para. 6](#)