



# Finance (No. 2) Act 2005

## 2005 CHAPTER 22

### PART 2

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 6

#### MISCELLANEOUS

#### *International matters*

#### <sup>F1</sup>43 **Implementation of the amended Parent/Subsidiary Directive**

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#### **Textual Amendments**

- F1** S. 43 repealed (1.4.2010, with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 1** (with Sch. 9 paras. 1-9, 22)

#### **44 Territories with a lower level of taxation: reduction of amount of local tax**

- (1) Section 750 of ICTA (controlled foreign companies: territories with a lower level of taxation) is amended as follows.
- (2) In subsection (1), after “if” insert “, after giving effect to subsections (1A) and (1B) below,”.
- (3) After subsection (1) insert—

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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2005, Cross Heading: International matters. (See end of Document for details)*

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“(1A) If in the case of that accounting period there is any income, or any income and any expenditure, of the company—

- (a) which is brought into account in determining the profits of the company in respect of which tax is paid under the law of that territory, but
- (b) which does not also fall to be brought into account in determining the chargeable profits of the company,

the local tax shall be treated for the purposes of this Chapter as reduced to what it would have been had that income and any such expenditure not been so brought into account.

(1B) If—

- (a) under the law of that territory any tax (“the company's tax”) falls to be paid by the company in respect of profits of the company arising in that accounting period,
- (b) under that law, any repayment of tax, or any payment in respect of a credit for tax, is made to a person other than the company, and
- (c) that payment or repayment is directly or indirectly in respect of the company's tax,

the local tax shall be treated for the purposes of this Chapter as reduced (or further reduced) by the amount of that payment or repayment.”.

- (4) The amendments made by this section have effect in relation to accounting periods of companies resident outside the United Kingdom beginning on or after 2nd December 2004.
- (5) Where an accounting period of a company resident outside the United Kingdom—
  - (a) would, without amendment, have ended on or after 2nd December 2004, but
  - (b) is amended on or after that date so as to end before that date,an accounting period of the company shall be deemed for the purposes of Chapter 4 of Part 17 of ICTA to have ended with 1st December 2004.
- (6) In this section “accounting period” has the same meaning as in Chapter 4 of Part 17 of ICTA (see section 751).

**Changes to legislation:**

There are currently no known outstanding effects for the Finance (No. 2) Act 2005, Cross  
Heading: International matters.