



Taxation (International and Other Provisions) Act 2010

2010 CHAPTER 8

PART 2

DOUBLE TAXATION RELIEF

CHAPTER 2

DOUBLE TAXATION RELIEF BY WAY OF CREDIT

Taking account of foreign tax underlying dividends

59 Meaning of “relevant profits” in section 58

- (1) This section applies for the purposes of section 58.
- (2) “Relevant profits”, if the dividend is within subsection (3), means the profits in respect of which the dividend is treated as paid for the purposes of section 931H of CTA 2009 (dividends derived from transactions not designed to reduce tax).
- (3) A dividend is within this subsection if—
 - (a) it is received in an accounting period of the recipient in which the recipient is not a small company for the purposes of Part 9A of CTA 2009 (company distributions: see section 931S of that Act), and
 - (b) for the purposes of section 931H of that Act, it is treated as paid in respect of profits other than relevant profits (see subsection (4) of that section).
- (4) “Relevant profits”, if the dividend is not within subsection (3) but is paid for a specified period, means—
 - (a) the distributable profits of that period, plus

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 59. (See end of Document for details)

- (b) if the total dividend exceeds those profits, so much of the distributable profits of preceding periods as is equal to the excess.
- (5) “Relevant profits”, if the dividend is not within subsection (3) and is not paid for a specified period, means—
- (a) the distributable profits of the last period for which accounts of the company were made up which ended before the dividend became payable, plus
 - (b) if the total dividend exceeds those profits, so much of the distributable profits of preceding periods as is equal to the excess.
- (6) In subsection (4)(b) or (5)(b), the reference to distributable profits of preceding periods does not include—
- (a) profits previously distributed, or
 - (b) profits previously treated as relevant profits for the purposes of [F1 section 58 or 61 of this Act], section 799 of ICTA or section 506 of the Income and Corporation Taxes Act 1970.
- (7) For the purposes of subsection (4)(b) or (5)(b), the profits of the most recent preceding period are to be taken into account first, then the profits of the next most recent preceding period, and so on.
- (8) In this section “distributable profits”, in relation to a company, means the profits available for distribution as shown in accounts relating to the company—
- (a) drawn up in accordance with the law of the country or territory under whose law the company is incorporated or formed, and
 - (b) making no provision for reserves, bad debts, impairment losses or contingencies other than such as is required to be made under the law of that country or territory.
- (9) The reference in subsection (6)(b) to section 799 of ICTA is without prejudice to the generality of paragraph 4(1) of Schedule 9 (references to rewritten provisions include references to superseded provisions).

Textual Amendments

- F1** Words in s. 59(6)(b) substituted (retrospectively and with effect in accordance with art. 1(2) of the amending S.I.) by [Taxation \(International and Other Provisions\) Act 2010 \(Amendment\) Order 2010 \(S.I. 2010/2901\)](#), arts. 1(1), **4(2)**

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There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 59.