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SCHEDULES

SCHEDULE 29

MANUFACTURED PAYMENTS

PART 3

CONSEQUENTIAL ETC AMENDMENTS

Introductory

- 3 The following amendments are in consequence of, or otherwise connected with, the amendments made by Parts 1 and 2.

TCGA 1992

- 4 TCGA 1992 is amended as follows.
- 5 In section 263B (stock lending arrangements), for subsection (7) substitute—
- “ (7) In this section “securities” has the meaning given by section 263AA.”
- 6 Omit section 263D (gains accruing to persons paying manufactured dividends).
- 7 In section 263F (power to modify repo provisions: non-standard repo cases)—
- (a) in subsection (1)—
- (i) at the end of paragraph (c) insert “ or ”, and
- (ii) omit paragraph (d) (and the word “or” at the end of it), and
- (b) in subsection (2), omit “or 263D”.
- 8 In section 263G (power to modify repo provisions: redemption arrangements)—
- (a) in subsection (1), omit paragraph (d) (but not the word “or” at the end of it), and
- (b) in subsection (2), omit “or 263D”.
- 9 In section 263H (sections 263F and 263G: supplementary provisions), in subsection (3)(b) omit “or 263D”.
- 10 (1) Section 263I (powers about manufactured overseas dividend) is amended as follows.
- (2) In subsection (1), for paragraphs (a) and (b) substitute—
- “(a) pays or receives an amount (a “manufactured overseas dividend”) which is representative of an overseas dividend on overseas securities where the payment or receipt is required to be made under an arrangement for the transfer of the securities, or
- (b) is treated as doing so for any purposes of the Tax Acts.”
- (3) For subsection (6) substitute—

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“(6) In this section—

- (a) “overseas securities” means shares, stock or other securities issued by—
 - (i) a government, local authority or other public authority of a territory outside the United Kingdom, or
 - (ii) another body of persons not resident in the United Kingdom,
- (b) “overseas securities” includes shares in a company which is not resident in the United Kingdom,
- (c) “overseas dividend” means any interest, dividend or other annual payment payable in respect of overseas securities, and
- (d) “securities” includes loan stock or any similar security.”

FA 2004

11 In Schedule 24 to FA 2004 (manufactured dividends), omit paragraph 3(1) and (3).

ITTOIA 2005

12 ITTOIA 2005 is amended as follows.

^{F1}13

Textual Amendments

F1 Sch. 29 para. 13 omitted (15.9.2016) (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 71\(b\)](#)

14 In section 397A (tax credit for distributions of non-UK resident companies)—

- ^{F2}(a)
- (b) omit subsection (8).

Textual Amendments

F2 Sch. 29 para. 14(a) omitted (15.9.2016) (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 71\(b\)](#)

15 Omit section 397B (tax credits under section 397A: manufactured overseas dividends).

ITA 2007

16 ITA 2007 is amended as follows.

17 In section 2 (overview of Act)—

- (a) omit subsection (11), and
- (b) before subsection (11A) insert—

“(11ZA) Part 11ZA is about manufactured payments.”

18 Omit the following provisions (which deal with manufactured payments and repos)

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- (a) sections 565 to 595,
 - (b) section 596(1) to (4), and
 - (c) section 606(8).
- 19 In section 647 (makers of manufactured payments), for subsection (6) substitute—
 - “(6) In this section “manufactured payments contract” means a contract under which—
 - (a) the seller is required to pay another person an amount which is representative of a periodical payment of interest on UK securities under an arrangement between them for the transfer of the securities, or
 - (b) the seller is required to pay another person an amount which is representative of an overseas dividend on overseas securities under an arrangement between them for the transfer of the securities.
 - (7) In this section—
 - (a) “overseas securities” means shares, stock or other securities issued by—
 - (i) a government, local authority or other public authority of a territory outside the United Kingdom, or
 - (ii) another non-UK resident body of persons,and includes shares in a non-UK resident company,
 - (b) “overseas dividend” means any interest, dividend or other annual payment payable in respect of overseas securities, and
 - (c) “UK securities” means securities of—
 - (i) the government of the United Kingdom,
 - (ii) a local authority in the United Kingdom,
 - (iii) another public authority in the United Kingdom, or
 - (iv) a UK resident company or other UK resident body,but does not include shares in a UK resident company.”
- 20 In section 658 (powers to modify: supplementary), for subsection (5) substitute—
 - “(5) Subsections (6) to (10) apply for the purposes of sections 656 and 657 and this section.
 - (6) “UK shares” means shares in a UK resident company.
 - (7) “UK securities” means securities of—
 - (a) the government of the United Kingdom,
 - (b) a local authority in the United Kingdom,
 - (c) another public authority in the United Kingdom, or
 - (d) a UK resident company or other UK resident body.
 - (8) But “UK securities” does not include UK shares.
 - (9) “Overseas securities” means shares, stock or other securities issued by—
 - (a) a government, local authority or other public authority of a territory outside the United Kingdom, or
 - (b) another non-UK resident body of persons.
 - (10) “Overseas securities” includes shares in a non-UK resident company.”

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- 21 In section 918(1) (manufactured dividends on UK shares: REITs), for paragraph (a) substitute—
- “(a) a person pays a manufactured payment as mentioned in section 614ZC(1) and the amount payable is representative of a dividend (a “manufactured dividend”), and”.
- 22 In section 919 (manufactured interest on UK securities)—
- (a) for subsection (1) substitute—
- “(1) This section applies if—
- (a) a person pays a manufactured payment as mentioned in section 614ZC(1),
- (b) the amount payable is representative of interest on UK securities (“manufactured interest”), and
- (c) the person —
- (i) is UK resident, or
- (ii) pays the manufactured interest in the course of a trade carried on in the United Kingdom through a branch or agency.”,
- (b) in subsection (4), omit the words from “section 583” to “special cases”), and
- (c) after subsection (5) insert—
- “(6) In subsection (1) “UK securities” means securities of—
- (a) the government of the United Kingdom,
- (b) a local authority in the United Kingdom,
- (c) another public authority in the United Kingdom, or
- (d) a UK resident company or other UK resident body.
- (7) But “UK securities” does not include shares in a UK resident company.
- (8) In this section “securities” includes loan stock or any similar security.”
- 23 Omit section 920 (foreign payers of manufactured interest: the reverse charge).
- 24 In section 921 (cases where interest on underlying securities paid gross), in subsection (3), for the words from “ “securities”” to the end substitute “ “manufactured interest” has the same meaning as in section 919. ”
- 25 Omit sections 922 to 925 (manufactured overseas dividends).
- 26 In section 925A(2) (creditor repos), for “to 925” substitute “ , 919 and 921 ”.
- 27 Omit section 925B (debtor repos).
- 28 In section 925C (actual payments ignored)—
- (a) in the heading, omit “or 925B”,
- (b) omit “or 925B(2)”, and
- (c) for “to 925” substitute “ , 919 and 921 ”.
- 29 In section 926 (interpretation of Chapter 9 of Part 15), omit subsections (1) and (1A).

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- 30 In Schedule 1 (minor and consequential amendments), omit paragraph 335(1) to (4) and (6) to (8).
- 31 In Schedule 2 (transitionals and savings), omit paragraphs 108 to 111 (and the headings “Part 12”, “Manufactured payments and repos” and “Tax credits: stock lending arrangements and repos” immediately preceding paragraph 108).
- 32 In Schedule 4 (index of defined expressions), omit the entries for— “ buying back securities, in the context of a repo (in Part 11) ”, “ company UK REIT (in Chapter 2 of Part 11) ”, “ gross amount (in Chapter 2 of Part 11) ”, “ group (in Chapter 2 of Part 11) ”, “ group UK REIT (in Chapter 2 of Part 11) ”, “ manufactured dividend (in Chapter 2 of Part 11) ”, “ manufactured dividend (in Chapter 3 of Part 11) ”, “ manufactured interest (in Chapter 2 of Part 11) ”, “ manufactured overseas dividend (in Chapter 2 of Part 11) ”, “ overseas dividend (in Part 11) ”, “ overseas dividend (in Chapter 9 of Part 15) ”, “ overseas securities (in Part 11) ”, “ overseas tax (in Chapter 2 of Part 11) ”, “ overseas tax (in Chapter 9 of Part 15) ”, “ overseas tax credit (in Chapter 2 of Part 11) ”, “ prescribed (in Chapter 2 of Part 11) ”, “ principal company (in Chapter 2 of Part 11) ”, “ principal company (in Chapter 9 of Part 15) ”, “ property rental business (in Chapter 2 of Part 11) ”, “ property rental business (in Chapter 9 of Part 15) ”, “ related agreements (in Part 11) ”, “ relevant withholding tax (in Chapter 2 of Part 11) ”, “ repo (in Part 11) ”, “ the rules about manufactured payments (in Chapter 4 of Part 11) ”, “ stock lending arrangement (in Part 11) ”, “ trade carried on through a branch or agency (in Chapter 2 of Part 11) ”, “ transfer (in Chapter 2 of Part 11) ”, “ UK securities (in Part 11) ”, and “ UK shares (in Part 11) ”.

FA 2008

- 33 (1) FA 2008 is amended as follows.
- (2) In Schedule 12 (tax credit for certain foreign distributions), omit paragraphs 26, 27(2)(a) and (c) and (3), 28(2)(a) and (c) and (3), 29(2)(a), (c)(i) and (d) and (3) and 30.
- (3) In Schedule 23 (manufactured payments: anti avoidance), omit paragraphs 1 to 4, 6, 7 and 9 to 11.

CTA 2009

- 34 CTA 2009 is amended as follows.
- 35 In section 539 (introduction to Chapter about manufactured interest), omit subsection (7).
- 36 In section 540(3) (manufactured interest treated as interest under loan relationship), omit “and to section 799 of CTA 2010”.
- 37 In section 550 (which makes provision about the effect of the sale of securities on a borrower)—
- (a) in subsection (4), for “(6)” substitute “ (5C) ”,
 - (b) after subsection (5A) insert—
- “(5B) Nothing in subsection (3) entitles the borrower to double taxation relief in respect of any income payable in respect of overseas securities.
- (5C) But nothing in subsection (3) affects the entitlement of the borrower to double taxation relief in respect of any overseas tax

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deducted from any amount representative of income payable in respect of overseas securities.

(5D) In subsection (5C) “overseas tax” means tax under the law of a territory outside the United Kingdom.”, and

(c) omit subsection (6).

38 In section 1221(1) (amounts treated as expenses of management), for paragraph (i) substitute—

“(i) section 814C(5) of CTA 2010 (treatment of payer of manufactured dividend),”.

39 In section 1248 (expenses in connection with arrangements for securing a tax advantage)—

(a) omit subsection (3), and

(b) in subsection (5), omit the definition of “relevant tax relief”.

FA 2009

40 In Schedule 19 to FA 2009 (income tax credits for foreign distributions), omit paragraphs 4 and 13(b).

CTA 2010

41 CTA 2010 is amended as follows.

42 In section 1 (overview of Act), in subsection (4)—

(a) omit paragraph (d), and

(b) before paragraph (e) insert—

“(da) manufactured dividends (see Part 17A),”.

43 Omit Part 17 (manufactured payments and repos).

44 (1) Section 1109(5) (provisions to which section 1109 is subject) is amended as follows.

(2) Omit paragraphs (a) to (c) (and the word “and” at the end of paragraph (c)).

^{F3}(3)

Textual Amendments

F3 Sch. 29 para. 44(3) omitted (15.9.2016) (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 71\(b\)](#)

45 In Schedule 1 (minor and consequential amendments), omit paragraphs 259, 537, 538, 539(b) and (c), 635, 636 and 689(a) and (b)(i).

46 In Schedule 2 (transitionals and savings), omit Part 17 (manufactured payments and repos).

47 In Schedule 4 (index of defined expressions), omit the entries for—

“creditor quasi-repo (in Chapter 5 of Part 17)”, “creditor repo (in Chapter 5 of Part 17)”, “debtor quasi-repo (in Chapter 5 of Part 17)”, “debtor repo (in Chapter 5 of Part 17)”, “manufactured dividend (in Part 17)”, “manufactured overseas dividend (in Part 17)”, “overseas dividend (in

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Part 17) ”, “ overseas securities (in Part 17) ”, “ overseas tax (in Part 17) ”, “ prescribed (in Chapter 4 of Part 17) ”, “ stock lending arrangement (in Chapter 5 of Part 17) ”, and “ “UK shares (in Part 17)” ”.

TIOPA 2010

- 48 (1) TIOPA 2010 is amended as follows.
- (2) In section 85A(4) (schemes involving deemed foreign tax), omit paragraph (b) of the definition of “real foreign tax”.
- (3) In Schedule 7 (miscellaneous relocations), omit paragraph 113.
- (4) In Schedule 8 (minor and consequential amendments), omit paragraph 82.

FA 2011

- 49 In Schedule 13 to FA 2011 (profits of foreign permanent establishments), omit paragraphs 22 to 24.

FA 2012

- 50 (1) FA 2012 is amended as follows.
- (2) Omit section 22 (treatment of the receipt of manufactured overseas dividends).
- (3) In section 78(3) (amounts which are deemed BLAGAB management expense for accounting period), for “783(6), 785(4) or 791(6)” substitute “ 814C(7) ”.
- (4) In Schedule 16 (minor and consequential amendments), omit paragraphs 220 to 223.

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

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

- Sch. 43C para. 8(5)(e) and word inserted by [2021 c. 26 Sch. 27 para. 42\(b\)\(ii\)](#)
- Sch. 43C para. 8(6)(a)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 42\(c\)\(i\)\(b\)](#)
- Sch. 43C para. 8(6)(b)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 42\(c\)\(ii\)\(b\)](#)
- Sch. 43C para. 8(6)(c)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 42\(c\)\(iii\)\(b\)](#)
- Sch. 43C para. 8(6)(d)(iv) words substituted by [2021 c. 26 Sch. 27 para. 42\(c\)\(iv\)\(b\)](#)