



# Finance Act 1962

## 1962 CHAPTER 44

### PART II

#### INCOME TAX AND PROFITS TAX

### CHAPTER III

#### MISCELLANEOUS AMENDMENTS

#### **20      Extension of double taxation relief in respect. of certain dividends**

- (1) Paragraph 10 of the Sixteenth Schedule (to the Income Tax Act, 1952, and paragraph 3 of the Seventeenth Schedule to that Act (which relate to the allowance of double taxation relief on certain dividends paid to a company resident in the United Kingdom and controlling, directly or indirectly, not less than one half of the voting power in the company paying the dividend, and provide for taking account of the foreign tax paid by the last-mentioned company in respect of its profits) shall each be amended as follows:—
  - (a) after the words " in the company paying the dividend " there shall be inserted the words " or which controls, directly or indirectly, a proportion of that voting power greater than one quarter and is subject to a local limitation preventing it from controlling a larger proportion "; and
  - (b) at the end of the paragraph there shall be added the words—

“In this paragraph ' local limitation' means a limitation imposed by the law in force in the territory where the company paying the dividend is resident, or by executive action of the Government of that territory.”
- (2) Where a company resident in the United Kingdom either—
  - (a) controls, directly or indirectly, not less than one half of the voting power in a company resident in a territory outside the United Kingdom ; or

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*Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

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- (b) controls, directly or indirectly, a proportion of that voting power greater than one quarter and is subject to a local limitation preventing it from controlling a larger proportion;

then, for the purposes of any credit to be allowed to the first-mentioned company in accordance with the Sixteenth or Seventeenth Schedule to the Income Tax Act, 1952, in respect of a dividend paid to it by the other company, tax payable by the other company in respect of its profits under the law of any territory outside the United Kingdom shall be taken into account as if it were payable under the law of the first-mentioned territory, and paragraphs 7 and 8 of the said Sixteenth Schedule (which relate to the computation of the amount of income in certain cases where double taxation relief is allowed) shall apply accordingly.

In this subsection " local limitation " has the same meaning as it has (by virtue of subsection (1) above) in paragraph 10 of the said Sixteenth Schedule and paragraph 3 of the said Seventeenth Schedule.

- (3) This section shall have effect only in relation to dividends by reference to which income tax is chargeable for the year 1962-63 or a subsequent year of assessment and (for the purposes of the profits tax) in relation to any other dividends which are received after the end of March, nineteen hundred and sixty-two, and by reference to which income tax is not chargeable for any year of assessment.