

1973 No. 317

**INCOME TAX**

**The Double Taxation Relief (Taxes on Income) (General)  
(Dividend) Regulations 1973**

*Made - - - - - 27th February 1973*  
*Coming into Operation 6th April 1973*

The Commissioners of Inland Revenue in exercise of the powers conferred upon them by section 517 of the Income and Corporation Taxes Act 1970(a) hereby make the following Regulations:—

1.—(1) These Regulations may be cited as the Double Taxation Relief (Taxes on Income) (General) (Dividend) Regulations 1973 and shall come into operation on 6th April 1973.

(2) The Interpretation Act 1889(b) shall apply to these Regulations as it applies to an Act of Parliament.

(3) In these Regulations, unless the context otherwise requires—

“the Board” means the Commissioners of Inland Revenue;

“double taxation agreement” means arrangements having effect under section 497 of the Income and Corporation Taxes Act 1970;

“qualified non-resident” means a person resident outside the United Kingdom who in respect of a dividend paid by a company resident in the United Kingdom is entitled under a double taxation agreement to a tax credit and to relief from United Kingdom income tax on the aggregate of the amount or value of that dividend and the amount of that tax credit;

“shares” includes stock;

expressions otherwise undefined have the same meaning as in the Corporation Tax Acts.

(4) Section 527(3) of the Income and Corporation Taxes Act 1970 (date when dividends to be treated as paid) shall apply for the purposes of these Regulations as it applies for the purposes of the Corporation Tax Acts.

(5) Except in relation to dividends paid during the year 1972–73 or an earlier year the Double Taxation Relief (Taxes on Income) (General) (Dividend) Regulations 1970(c) shall cease to have effect from 6th April 1973.

2.—(1) The Board may make arrangements with a company resident in the United Kingdom whereby when paying a dividend in respect of any shares to which the arrangements apply the company shall also pay to the shareholder an additional amount, determined on the basis specified in the arrangements, in respect of the shareholder’s entitlement under a double taxation agreement to

(a) 1970 c. 10.

(c) S.I. 1970/489 (1970 I, p. 1643).

(b) 52 & 53 Vict. c. 63.

payment of the excess of the tax credit relating to that dividend over his liability to income tax; and the payment of the additional amount shall be treated as satisfying the said entitlement.

(2) Any such additional amount shall be set against the advance corporation tax which the company is liable to pay for the return period in which the dividend was paid and shall discharge a corresponding amount of that liability; and where the total additional amounts for the return period exceed that advance corporation tax, the Board shall pay to the company an amount equal to the excess.

(3) The Board shall not make arrangements under these Regulations unless they are satisfied that the additional amounts payable by virtue of the arrangements will not enure to the benefit of persons other than qualified non-residents.

(4) The effective period of arrangements made under these Regulations shall begin with the date on which the arrangements are made or such later date as may be specified in the arrangements, and shall end with the date on which either party receives notice in writing from the other terminating the arrangements or such later date as may be specified in the notice.

(5) The company shall render to the Board an account at such time, and containing such particulars relating to the dividend, as the Board may require.

By Order of the Commissioners of Inland Revenue.

27th February 1973.

*G. Wolters.*  
Secretary.

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#### EXPLANATORY NOTE

*(This note is not part of the Regulations.)*

These Regulations replace earlier Regulations under which relief from income tax deductible from dividends paid to non-residents may be given at source. They provide machinery for relief to non-residents under the new system of corporation tax which will take effect in relation to dividends paid on or after 6th April 1973. From that date, income tax will no longer be deductible from dividends, and a company distributing profits in the form of dividends will be required to make an advance payment of corporation tax. A United Kingdom resident who receives a dividend in respect of which advance corporation tax is payable will be entitled to a tax credit.

A non-resident shareholder may also be entitled to a tax credit under a double taxation agreement, and where he is so entitled, the company may under the Regulations be permitted in certain circumstances, by arrangement with the Board of Inland Revenue, to pay to the non-resident shareholder an additional amount. This amount will represent the payment he would otherwise have been entitled to receive from the Board in respect of the excess of the tax credit relating to the dividend over his income tax liability in respect of the sum of the dividend and the tax credit. The Regulations also provide that the additional amounts so paid by the company shall be treated as discharging an equal amount of its liability to account for advance corporation tax.



SI 1973/317  
ISBN 0-11-030317-2

