



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 4

SAVINGS AND INVESTMENT INCOME

CHAPTER 3

DIVIDENDS ETC. FROM UK RESIDENT COMPANIES [^{F1}AND TAX [^{F1}TREATED AS PAID] IN RESPECT OF CERTAIN DISTRIBUTIONS]

^{F1}... *Payment and deduction of tax*

Textual Amendments

- F1** Words in s. 397 cross-heading omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 10](#)

^{F3}397 Tax credits for qualifying distributions [^{F2}of UK resident companies] : UK residents and eligible non-UK residents

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Textual Amendments

- F2** Words in s. 397 heading inserted (with effect in accordance with s. 34(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 12 para. 3](#)
- F3** Ss. 397-398 omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 1\(1\)](#)

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F³397A Tax credits for distributions of non-UK resident companies: UK residents and eligible non-UK residents

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Textual Amendments
F3 Ss. 397-398 omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 1\(1\)](#)

F³397AA Tax credit under section 397A: conditions

.....

Textual Amendments
F3 Ss. 397-398 omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 1\(1\)](#)

F⁴397B Tax credits under section 397A: manufactured overseas dividends

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Textual Amendments
F4 S. 397B omitted (1.1.2014) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 1 para. 52](#), [Sch. 29 para. 15](#)

F³397BA Meaning of “qualifying territory”

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Textual Amendments
F3 Ss. 397-398 omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 1\(1\)](#)

F³397C Meaning of “minority shareholder”

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Textual Amendments
F3 Ss. 397-398 omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 1\(1\)](#)

F³398 Increase in amount or value of dividends where tax credit available

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Textual Amendments

- F3** Ss. 397-398 omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 1 para. 1(1)**

399 [F5 Tax treated as paid on distributions received by non-UK resident persons]

[F6(1) This section applies if—

- (a) a person's income for a tax year includes a distribution of a company, and
- (b) the person is non-UK resident.]

(2) The person is treated as having paid income tax at the dividend ordinary rate on the amount or value of the distribution ^{F7}....

^{F8}(3)

^{F8}(4)

^{F8}(5)

^{F9}(5A)

(6) The income tax treated as paid under subsection (2) is not repayable.

^{F10}(7)

Textual Amendments

- F5** S. 399 heading substituted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by Finance Act 2016 (c. 24), **Sch. 1 para. 11(7)**
- F6** S. 399(1) substituted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by Finance Act 2016 (c. 24), **Sch. 1 para. 11(2)**
- F7** Words in s. 399(2) omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 1 para. 11(3)**
- F8** S. 399(3)-(5) omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 1 para. 11(4)**
- F9** S. 399(5A) omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 1 para. 11(5)**
- F10** S. 399(7) omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 1 para. 11(6)**

Modifications etc. (not altering text)

- C1** S. 399(2) excluded (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **ss. 594(3), 1034** (with transitional provisions and savings in Sch. 2)
- C2** S. 399(2) excluded (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **ss. 593(3), 1034** (with transitional provisions and savings in Sch. 2)
- C3** S. 399(2) excluded (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **ss. 592(3), 1034** (with transitional provisions and savings in Sch. 2)
- C4** S. 399(2)(6) excluded (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **ss. 504(4)(c), 1034** (with transitional provisions and savings in Sch. 2)
- C5** S. 399(2) excluded (6.4.2014) by The Unauthorised Unit Trusts (Tax) Regulations 2013 (S.I. 2013/2819), regs. 1(3), **12(3)(b)**

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C6 S. 399(6) excluded (6.4.2014) by [The Unauthorised Unit Trusts \(Tax\) Regulations 2013 \(S.I. 2013/2819\)](#), regs. 1(3), **12(3)(b)**

^{F11}**400 Non-qualifying distributions**

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Textual Amendments

F11 S. 400 omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), **Sch. 1 para. 1(1)**

401 Relief: [^{F12}distribution repaying shares or security issued in earlier distribution]

[^{F13}(1) Where a person is liable to income tax on a CD distribution, the person's liability to income tax on a subsequent non-CD distribution is reduced in accordance with this section if the non-CD distribution consists of a repayment of—

- (a) the share capital, or
 - (b) the principal of the security,
- which constituted the CD distribution.

(1A) The reduction is—

- (a) the amount of income tax to which the person is liable on the CD distribution, or
- (b) if lower, the amount of income tax to which the person is liable on the non-CD distribution.

(1B) For the purposes of calculating the amounts mentioned in subsection (1A)(a) and (b) assume—

- (a) that the CD distribution is the lowest part of the person's dividend income in the tax year (“year 1”) in which it is made,
- (b) that the non-CD distribution, if it is made in year 1, is the part of the person's dividend income in year 1 that is next lowest after the CD distribution, and
- (c) that the non-CD distribution, if it is made after year 1, is the lowest part of the person's dividend income in the tax year in which it is made.]

[^{F14}(6A) The reduction under this section is given effect at Step 6 of the calculation in section 23 of ITA 2007.]

(7) In this section [^{F15}—

“CD distribution” means a distribution which is a distribution for the purposes of the Corporation Tax Acts only because it falls within paragraph C or D in section 1000(1) of CTA 2010 (redeemable share capital or security issued as bonus in respect of shares in, or securities of, the company),

“non-CD distribution” means a distribution which is not a CD distribution, and

“security”] has the meaning given in [^{F16}section 1117(1) of CTA 2010].

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Textual Amendments

- F12** Words in s. 401 heading substituted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 12\(4\)](#)
- F13** S. 401(1)-(1B) substituted for s. 401(1)-(6) (with effect in accordance with Sch. 1 para. 73 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 12\(2\)](#)
- F14** S. 401(6A) inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 518](#) (with transitional provisions and savings in [Sch. 2](#))
- F15** Words in s. 401(7) substituted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 12\(3\)](#)
- F16** Words in s. 401(7) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 455](#) (with [Sch. 2](#))

^{F17} 401A Recovery of overpaid tax credit etc

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Textual Amendments

- F17** S. 401A omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 13](#)

[^{F18} 401B Power to obtain information

- (1) An officer of Revenue and Customs may, for the purposes of [^{F19}this Chapter], by notice require any person in whose name any shares or loan capital are registered—
 - (a) to state whether or not that person is the beneficial owner of the shares or loan capital, and
 - (b) if that person is not the beneficial owner of the shares or loan capital, to provide the name and address of the person on whose behalf the shares or loan capital are registered in that person's name.
- (2) Subsections (3) and (4) apply if a company (“the issuing company”) appears to an officer of Revenue and Customs to be a close company.
- (3) The officer may, for the purposes of [^{F19}this Chapter], by notice require the issuing company to provide the officer with—
 - (a) particulars of any bearer securities issued by the company,
 - (b) the names and addresses of the persons to whom the securities were issued, and
 - (c) details of the amounts issued to each person.
- (4) The officer may, for the purposes of [^{F19}this Chapter], by notice require—
 - (a) any person to whom bearer securities were issued by the company, or
 - (b) any person to or through whom bearer securities issued by the company were subsequently sold or transferred,

to provide any further information that the officer reasonably requires with a view to enabling the officer to find out the names and addresses of the persons beneficially interested in the securities.

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(5) In this section—

“loan creditor” has the meaning given by section 453 of CTA 2010, and

“securities” includes—

- (a) shares, stocks, bonds, debentures and debenture stock, and
- (b) any promissory note or other instrument evidencing indebtedness to a loan creditor of the company.]

Textual Amendments

F18 S. 401B inserted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 457](#) (with [Sch. 2](#))

F19 Words in s. 401B substituted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 14](#)

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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):

- s. 7A-7D inserted by [2022 c. 3 Sch. 1 para. 3](#)
- s. 31E(4) inserted by [2022 c. 3 Sch. 1 para. 7\(3\)](#)
- s. 649(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 11\(2\)](#)
- s. 679(3A) inserted by [2023 c. 30 Sch. 2 para. 11\(5\)\(b\)](#)
- s. 679A(3A) inserted by [2023 c. 30 Sch. 2 para. 11\(6\)\(b\)](#)
- s. 680(1A) inserted by [2023 c. 30 Sch. 2 para. 11\(7\)\(a\)](#)