
Changes to legislation: Finance Act 2016, Paragraph 63 is up to date with all changes known to be in force on or before 25 May 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

SCHEDULES

SCHEDULE 1

ABOLITION OF DIVIDEND TAX CREDITS ETC

Other amendments

- 63 (1) ITA 2007 is amended as follows.
- (2) In section 26(1)(b) (list of provisions giving tax reductions), in the entry for section 401 of ITTOIA 2005, for “qualifying distribution after linked non-qualifying distribution” substitute “ distribution repaying shares or security issued in earlier distribution ”.
- (3) In section 31 (calculation of total income)—
- (a) omit subsection (3) (dividend etc treated as increased by amount of tax credit), and
 - (b) in subsection (4), for “Subsections (2) and (3) apply” substitute “ Subsection (2) applies ”.
- (4) In section 425(5) (deductions in calculating total amount of income tax for gift aid purposes)—
- (a) in paragraph (a)—
 - (i) in sub-paragraph (i) omit “or 400(2)”, and
 - (ii) omit sub-paragraphs (ii) and (iii),
 - (b) after paragraph (a) insert “ and ”,
 - (c) in paragraph (b), for “680(3)(b) or (4)” substitute “ 680(4) ”, and
 - (d) omit paragraph (c), and the “and” before it.
- (5) In section 482 (types of amount charged at special rates for trustees), in the entry for Type 1 amounts, omit “qualifying”.
- (6) In section 487(6) (non-UK resident trustees: disregarded income which is not included in untaxed income)—
- (a) after paragraph (a) insert “ or ”, and
 - (b) omit paragraph (c) (income in respect of which there is a tax credit), and the “or” preceding it.
- (7) In section 498 (discretionary payments by trustees: types of tax to be included in trustees’ tax pool)—
- (a) in subsection (1)—
 - (i) in Type 1 (tax at special rates for trustees on income not attracting tax credits), omit “2, 3 or”,
 - (ii) omit Types 2 and 3 (tax at dividend trust rate on income attracting dividend tax credits), and

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- (iii) in Type 4 (tax charged at basic rate as a result of section 491), omit “at the basic rate”, and
 - (b) omit subsection (2) (interpretation of Types 2 and 3).
- (8) In section 502(3) (non-UK resident beneficiaries: disregarded income which is not included in untaxed income)—
 - (a) after paragraph (a) insert “ or ”, and
 - (b) omit paragraph (c) (income in respect of which there is a tax credit), and the “or” preceding it.
- (9) In section 614ZD (treatment of recipient of manufactured payment)—
 - (a) in subsection (3), for “to (6)” substitute “ and (5) ”, and
 - (b) omit subsection (6) (which excludes entitlement to tax credits).
- (10) In section 687 (transactions in securities: meaning of “income tax advantage”)—
 - (a) omit “qualifying” in each place, and
 - (b) in subsection (4), after “In this section” insert “—
 - (a) distribution” does not include 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), and
 - (b)”.
- (11) In section 713 (interpretation of Chapter 1 (transactions in securities))—
 - (a) the existing text becomes subsection (1),
 - (b) in that subsection, in the definition of “dividends”, omit “qualifying”, and
 - (c) after that subsection insert—
 - “(2) In the definition of “dividends” given by subsection (1), “other distributions” does not include 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) (redeemable share capital or security issued as bonus in respect of shares in, or securities of, the company).”
- (12) In section 745(1) (transfer of assets abroad: same rate of tax not to be charged twice) —
 - (a) after “at the basic rate,” insert “ or ”, and
 - (b) omit “or the dividend ordinary rate”.
- (13) In section 809S(4) (meaning of “income tax advantage”) omit the words after paragraph (d).
- (14) In section 811(4) (limit on liability to income tax of non-UK residents)—
 - (a) after paragraph (a) insert “ and ”, and
 - (b) omit paragraph (c) (tax credits), and the “and” preceding it.
- (15) In section 815(3) (limit on liability to income tax of non-UK resident companies)—
 - (a) after paragraph (a) insert “ and ”, and
 - (b) omit paragraph (c) (tax credits), and the “and” preceding it.

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- (16) In section 989 (definitions for the purposes of the Income Tax Acts) omit the entries for “qualifying distribution” and “tax credit”.
- (17) In section 1026 (“non-qualifying income” includes income on which tax treated as paid)—
 - (a) in paragraph (a) (deemed payment under sections 399 and 400 of ITTOIA 2005)—
 - (i) omit “or 400(2)”, and
 - (ii) for “from UK resident companies on which there is no tax credit” substitute “to non-UK resident persons ”, and
 - (b) omit paragraphs (b) and (c) (deemed payment under sections 414 and 421 of ITTOIA 2005).
- (18) In Schedule 1 (minor and consequential amendments) omit paragraphs 26, 245(2)(a) and (3), 446(27), 515(3), 516, 517(2), 520 and 522.
- (19) In Schedule 4 (index of defined expressions) omit the entries for “qualifying distribution” and “tax credit”.

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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. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)