
STATUTORY INSTRUMENTS

1997 No. 993

The Manufactured Dividends (Tax) Regulations 1997

Accounting for tax by persons other than United Kingdom resident companies

7.—(1) This regulation applies in any case where the payer or recipient of a manufactured dividend (“the relevant person”)—

- (a) is liable under regulation 4 to account to the Board for any tax in respect of that manufactured dividend, and
- (b) is not a company resident in the United Kingdom.

(2) The relevant person shall be liable to account in respect of any relevant period for an amount of tax equal to the sum of the following—

- (a) the amount (if any) by which for that period the aggregate amount of tax for which he is accountable in respect of manufactured dividends paid by him exceeds the aggregate amount of creditable amounts in respect of dividends and manufactured dividends received by him, and
- (b) the amount (if any) for that period of the aggregate amount of tax for which he is accountable in respect of manufactured dividends received by him.

(3) Tax for which the relevant person is accountable under paragraph (2)—

- (a) shall be due not later than 14 days after the end of the relevant period concerned, and
- (b) shall be payable without the making of an assessment.

(4) Tax due under paragraph (3) shall, whether or not an assessment is made under paragraph (10) of this regulation or under regulation 8(4), carry interest at the rate applicable under section 178 of the Finance Act 1989⁽¹⁾ to section 87 of the Management Act⁽²⁾ from the end of the period of 14 days referred to in that paragraph until payment.

(5) Where the aggregate amount of creditable amounts in respect of dividends and manufactured dividends received by the relevant person in a relevant period exceeds the aggregate amount of tax for which he is accountable in respect of manufactured dividends paid by him in that period, the amount of the excess may be carried forward to any subsequent relevant period falling within the same chargeable period for the purposes of offsetting, pursuant to paragraph (2)(a), that excess amount against the aggregate amount of tax for which he is accountable in respect of manufactured dividends paid by him in respect of that subsequent relevant period.

(6) Where—

- (a) the aggregate amount of tax for which the relevant person is accountable in respect of manufactured dividends paid by him in a relevant period (“the first period”) exceeds the aggregate amount of creditable amounts in respect of dividends and manufactured dividends received by him in that period, and

(1) 1989 c. 26.

(2) Section 87 was substituted by section 111 of, and paragraph 10 of Schedule 24 to, the Finance Act 1972 (c. 41) and the section as substituted was amended by section 46(3) of the Finance (No. 2) Act 1975 (c. 45), section 62(1) and (2) of the Finance Act 1980 (c. 48), paragraph 32 of Schedule 29 to the Income and Corporation Taxes Act 1988 and section 179(1)(b)(i) of, and Part VIII of Schedule 17 to, the Finance Act 1989.

- (b) in any subsequent relevant period falling within the same chargeable period there is an excess of the aggregate amount of creditable amounts in respect of dividends and manufactured dividends received by him over the aggregate amount of tax for which he is accountable in respect of manufactured dividends paid by him,

that excess amount may be set off, for the purposes of paragraph (2)(a), against the aggregate amount of tax for which the relevant person is accountable in respect of manufactured dividends paid by him in the first period, and a repayment of tax shall be made accordingly.

(7) Where—

- (a) the relevant person is a company that is not resident in the United Kingdom, and
- (b) the aggregate amount of creditable amounts in respect of dividends and manufactured dividends received by him in a chargeable period exceeds the aggregate amount of tax for which the company is accountable in respect of manufactured dividends paid by him in that period,

the amount of that excess may be carried forward so as to be regarded, for the purposes of paragraph (2), as a creditable amount in respect of dividends or manufactured dividends received by him in the first relevant period of the next chargeable period.

(8) Where—

- (a) the relevant person was under an obligation to make a return under regulation 20 of the Income Tax (Dividend Manufacturing) Regulations 1992⁽³⁾ in respect of the return period ending 30th June 1997, and
- (b) surplus tax credits received by the relevant person fell to be carried forward on that date to its next accounting period under paragraph (10)(a) of that regulation or would have fallen so to be carried forward if its accounting period had ended on that date,

references in these Regulations to creditable amounts shall, as respects the relevant period commencing 1st July 1997, be taken as including references to those surplus tax credits.

(9) The same creditable amount shall not be taken into account both under this regulation and under any other provision of the Tax Acts.

(10) Tax which has become due from a person under paragraph (3) may be assessed on that person (whether or not it has been paid when the assessment is made) if that tax, or any part of it, is not paid on or before the due date.

(3) S.I.1992/569.