



# Finance Act 2002

## 2002 CHAPTER 23

### PART 3

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 2

#### OTHER PROVISIONS

#### *Deduction of tax*

#### **94 Deduction of tax: payments to exempt bodies etc**

<sup>F1</sup>(1) .....

<sup>F1</sup>(2) .....

<sup>F1</sup>(3) .....

<sup>F1</sup>(4) .....

(5) In section 98 of the Taxes Management Act 1970 (c. 9) (special returns, etc), in subsection (4B)—

(a) in paragraph (a), after “a company” insert “ or local authority ”,

(b) in paragraph (b)—

(i) after “the company” insert “ or authority ”, and

(ii) for “either”, in each place, substitute “ one ”,

(c) in paragraph (c), after “the company” insert “ or authority ”, and

(d) in paragraph (d), for “neither” substitute “ none ”.

(6) In that section, for subsection (4C) substitute—

“(4C) In subsection (4B) above—

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, Cross Heading: Deduction of tax. (See end of Document for details)*

“company” includes a partnership of which any member is a company; and  
 “local authority” includes a partnership of which any member is a local authority.”.

(7) The amendments made by this section apply for the purposes of payments made on or after 1st October 2002.

**Textual Amendments**  
**F1** S. 94(1)-(4) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

**F295 Deduction of tax by persons dealing in financial instruments**

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**Textual Amendments**  
**F2** S. 95 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

**96 Cross-border royalties**

<sup>F3</sup>(1) .....

<sup>F3</sup>(2) .....

(3) In section 98 of the Taxes Management Act 1970 (c. 9) (special returns etc)—

<sup>F4</sup>(a) .....

(b) after subsection (4C) insert—

“(4D) A payment is within this subsection if—

- (a) it is a payment to which section 349(1) of the principal Act (requirement to deduct tax) applies,
- (b) it is made by a company which, purporting to rely on section 349E(1) of that Act (power for companies to take account of double taxation treaty relief when paying royalties), deducts less tax from the payment than required by section 349(1) of that Act, and
- (c) at the time the payment is made the payee (within the meaning of section 349E of that Act) is not entitled to relief in respect of the payment under any arrangements under section 788 of that Act (double taxation relief) and the company—
  - (i) does not believe that it is entitled to such relief, or
  - (ii) if it does so believe, cannot reasonably do so.”.

(4) This section applies in relation to payments made on or after 1st October 2002.

**Textual Amendments**  
**F3** S. 96(1)(2) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

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**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 2002, Cross Heading: Deduction of tax. (See end of Document for details)

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- F4** S. 96(3)(a) repealed (with effect in accordance with Sch. 43 Pt. 5(3) Note of the amending Act) by Finance Act 2003 (c. 14), **Sch. 43 Pt. 5(3)**

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2002, Cross Heading:  
Deduction of tax.