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SCHEDULES

SCHEDULE 1

ABOLITION OF DIVIDEND TAX CREDITS ETC

Other amendments

- 51 (1) TMA 1970 is amended as follows.
- (2) In section 8(1AA)(b) (payable income tax is chargeable amount less tax deducted at source and tax credits) omit the words after “source”.
- (3) In section 8A(1AA)(b) (payable income tax is chargeable amount less tax deducted at source and tax credits) omit the words after “source”.
- (4) In section 9(1) (self-assessment)—
- (a) in paragraph (b) (payable income tax is assessed amount less tax deducted at source and tax credits) omit the words after “source”, and
- (b) in the words after paragraph (b) omit “, 400(2), 414(1), 421(1)”.
- (5) In section 12AA(1A)(b) (partner's payable income tax is chargeable amount less tax deducted at source and tax credits) omit the words after “source”.
- (6) In section 12AB (partnership statement in partnership return)—
- (a) in subsection (1)(a)—
- (i) after sub-paragraph (ia) insert “ and ”, and
- (ii) omit sub-paragraph (iii) (tax credits), and the “and” preceding it,
- (b) in subsection (1)(b) for “, tax or credit” substitute “ or tax ”, and
- (c) in subsection (5) omit the definition of “tax credit”.
- (7) In section 12B(4A)(a)(i) (statements themselves must be preserved if of amount of qualifying distribution and tax credit), after “amount” insert “ of distribution, formerly amount ”.
- (8) In section 59A(8)(b) (amounts included in annual total of deductions at source) omit “or are tax credits to which section 397(1) or 397A(1) of ITTOIA 2005 applies,”.
- (9) In section 59B (payment of income tax and capital gains tax)—
- (a) in subsection (1) omit “, 400(2), 414(1), 421(1)”, and
- (b) in subsection (2)(b) omit “or is a tax credit to which section 397(1) or 397A(1) of ITTOIA 2005 applies,”.
- (10) Omit section 87A(5) (interest on assessments under section 1110 of CTA 2010 on overpaid tax credits etc).
- (11) In section 98 (special returns), in the first column of the table omit the entry for section 1109 of CTA 2010.
- 52 (1) ICTA is amended as follows.

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- (2) Omit section 231B (arrangements to pass on value of tax credit).
 - (3) Omit section 824(2) (repayment supplements: tax credits).
 - (4) In section 824(4A) omit paragraph (b) (repayment supplements: tax credit treated as income tax deducted at source), and the “and” preceding it.
 - (5) In section 825(1) (repayment supplements: companies) omit paragraph (c) (tax credits comprised in franked investment income), and the “or” preceding it.
 - (6) In section 826 (interest on tax overpaid by companies)—
 - (a) in subsection (1) omit paragraph (c) (tax credits), including the “or” at the end, and
 - (b) in subsection (3)—
 - (i) omit “or a payment of the whole or part of a tax credit falling within subsection (1)(c) above”, and
 - (ii) omit “or, as the case may be, the franked investment income referred to in subsection (1)(c) above”.
- 53 In FA 1988, in Schedule 13 omit paragraph 7(c) (post-consolidation amendment of section 824(2) of ICTA).
- 54 In FA 1989—
- (a) omit section 115 (double taxation: tax credits), and
 - (b) in section 179(1)(b)(i) (amendments of provisions of TMA 1970 including section 87A(1) and (5)) omit “and (5)”.
- 55 In FA 1993 omit section 171(2B) (which excludes entitlement to tax credits).
- 56 In FA 1994 omit section 219(4B) (which excludes entitlement to tax credits).
- 57 (1) F(No.2)A 1997 is amended as follows.
- (2) Omit section 22(1) (which inserted section 171(2B) of FA 1993).
 - (3) Omit section 28 (which inserted section 231B of ICTA).
 - (4) Omit section 30(9) and (10) (effect of double taxation arrangements in relation to tax credits).
 - (5) In Schedule 6 (repeal of provisions relating to foreign income dividends), in paragraph 23 (transitional provision for certain foreign income dividends paid before 6 April 1999 but received on or after that date) omit—
 - (a) “qualifying”, and
 - (b) “nine tenths of”.
- 58 (1) FA 1998 is amended as follows.
- (2) Omit section 76(3) (regulations about tax credits where non-UK residents have invested in individual savings accounts).
 - (3) In Schedule 18 (company tax returns etc)—
 - (a) omit paragraph 9(3) (certain claims by companies for payment of tax credits),
 - (b) in paragraphs 22(3)(a)(i) and 23(3)(a)(i) (which relate to a statement as to amount of qualifying distribution and tax credit), after “amount” insert “ of distribution, but formerly amount ”, and

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- (c) in paragraph 52(2)(a) omit “or payment of a tax credit”.
- 59 In the Commonwealth Development Corporation Act 1999, in Schedule 3 omit paragraph 6(2)(b) (provisions about tax credits do not apply in relation to distributions by the Corporation).
- 60 In the Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629)—
- (a) omit article 82(a), and
 - (b) in article 87(a) omit “and (4B)”.
- 61 (1) ITEPA 2003 is amended as follows.
- (2) Omit sections 58(6) and 61H(6) (tax credits to be reduced in line with reductions in distributions).
 - (3) In Part 2 of Schedule 1 (index of defined expressions) omit the entry for “tax credit”.
- 62 In ITTOIA 2005, in Schedule 1 (minor and consequential amendments) omit paragraphs 116, 331(2), 359, 360, 361(a), 363, 364, 376, 377(3), 464(3), 496, 503 and 510(2).
- 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)—

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- (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
 - (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.

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- (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.
- (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”.
- 64 In FA 2008, in Schedule 12 (amendments relating to tax credits) omit paragraphs 3, 5, 6, 8 to 16, 19, 20, 24(b) and 31.
- 65 (1) CTA 2009 is amended as follows.
- (2) In section 1222 (company with investment business: amount deductible for management expenses to be reduced by income from sources not charged to tax)—
- (a) in subsection (1) (UK resident company), for paragraph (c) (franked investment income does not reduce deductibles) substitute—
 - “(c) the income does not consist of exempt ABGH distributions.”,
 - (b) in subsection (2) (non-UK resident company), for paragraph (d) (franked investment income does not reduce deductibles) substitute—
 - “(d) the income does not consist of exempt ABGH distributions.”, and
 - (c) after subsection (3) insert—
 - “(4) In this section “exempt ABGH distribution” means a distribution which—
 - (a) is a distribution for the purposes of the Corporation Tax Acts only because it falls within paragraph A, B, G or H in section 1000(1) of CTA 2010, and
 - (b) is exempt for the purposes of Part 9A (company distributions).”
- (3) Omit section 1266(3) (partnerships with foreign element: entitlement to tax credit).
- (4) In Schedule 4 (index of defined expressions) omit the entry for “qualifying distribution”.
- 66 (1) FA 2009 is amended as follows.

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- (2) In Schedule 19 (amendments relating to tax credits) omit paragraphs 2(2) and (3), 3, 5, 6(2)(a), (3) and (4), 7, 9, 10(a), 11, 12 and 13(c).
- (3) In paragraph 14 of Schedule 19 (amendments made by the Schedule have effect in relation to distributions etc arising or paid on or after 22 April 2009), after sub-paragraph (2) insert—
- “(3) Section 873(4) of ITTOIA 2005 (inserted by paragraph 8), so far as relating to any order or regulations made after the passing of FA 2016 under any provision of ITTOIA 2005 other than section 397BA of that Act, has effect as if sub-paragraph (1) did not apply in relation to it.”
- (4) In Schedule 53 (late payment interest) omit—
- (a) paragraph 6 (late payment interest start date in relation to assessments of overpaid tax credits etc under section 1110 of CTA 2010), and
- (b) the italic heading preceding it.
- (5) In paragraph 9B of Schedule 54 (repayment interest start date: companies: income tax and certain tax credits)—
- (a) in sub-paragraph (1) omit paragraph (b) (tax credit comprised in franked investment income), and the “and” preceding it, and
- (b) in sub-paragraph (2)—
- (i) omit “or payment”, and
- (ii) omit “or the franked investment income mentioned in sub-paragraph (1)(b)”.
- (6) In paragraph 14 of Schedule 54 (interpretation) omit paragraph (b) (tax deducted at source treated as including tax credits), and the “and” preceding it.
- 67 In Schedule 1 to CTA 2010 (minor and consequential amendments) omit paragraphs 19, 153, 156(3), 282, 303(2), 456, 562(7), 704(27) and 722.
- 68 (1) TIOPA 2010 is amended as follows.
- (2) In section 6(2) (effect of double taxation arrangements)—
- (a) after paragraph (e) insert “ or ”, and
- (b) omit paragraph (g) (tax credits), and the “or” preceding it.
- (3) In section 187A (excess interest treated as a qualifying distribution), in subsection (2), and the heading, omit “qualifying”.
- (4) Omit section 234(2) (“relief” includes tax credit).
- (5) In Schedule 8 (minor and consequential amendments) omit paragraphs 38, 51, 52, 66 and 67.
- 69 In FA 2011—
- (a) in Part 6 of Schedule 23 (consequential provisions) omit paragraph 64(3), and
- (b) in Schedule 26 omit paragraph 1(2)(a)(i) (which amended section 231B of ICTA), including the “and” at the end.
- 70 In FA 2012, in section 169(2) (payments by certain friendly societies treated as qualifying distributions) omit “qualifying”.
- 71 In FA 2013—

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- (a) in paragraph 6(2) of Schedule 19 (which amends section 549 of CTA 2010), for “subsections (2) and” substitute “ subsection ”, and
- (b) in Part 3 of Schedule 29 (manufactured dividends: consequential etc amendments) omit paragraphs 13, 14(a) and 44(3).

72 In FA 2015, in section 19—

- (a) in subsection (1), for “credits etc” substitute “ treated as paid ”, and
- (b) omit subsections (5) and (6) (which insert sections 397(5A) and 399(5A) of ITTOIA 2005).

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