

Credit for foreign tax not otherwise credited. FA80 s39C; FA94 s54(a); FA95 s63 449.—(1) In this section—

“an amount receivable from the sale of goods” means an amount which—

(a) being an amount receivable from the sale of computer software, or

(b) by virtue of section 443(10)(b)(ii), 445(9)(b) or 446(10)(b),

is regarded as receivable from the sale of goods for the purposes of relief under this Part;

“relevant foreign tax”, where borne by a company in respect of an amount receivable from the sale of goods, means tax—

(a) which under the laws of any foreign territory has been deducted from that amount,

(b) which corresponds to income tax or corporation tax,

(c) which has not been repaid to the company, and

(d) for which credit is not allowable under arrangements within the meaning of Schedule 24;

“the total amount receivable from the sale of goods”, in relation to a company in the course of a trade in a relevant accounting period, means the aggregate of amounts, receivable by the company in the course of the trade in the relevant accounting period, which are regarded by virtue of this Part as receivable from the sale of goods for the purposes of relief under this Part.

(2) For the purposes of this section—

(a) the amount of the corporation tax which apart from subsection (3) would be payable by a company and which is attributable to an amount receivable from the sale of goods shall be an amount equal to 10 per cent of the amount of the income of the company referable to the amount so receivable;

(b) the amount of any income of a company referable to an amount receivable from the sale of goods in the course of a trade in a relevant accounting period shall, subject to paragraph 4(5) of Schedule 24, be taken to be such sum as bears to the total amount of the income of the company from the sale of goods in the course of the trade for the relevant accounting period the same proportion as the amount receivable from the sale of goods bears to the total amount receivable by the company from the sale of goods in the course of the trade in the relevant accounting period;

(c) the total amount of income of a company from the sale of goods in the course of a trade in a relevant accounting period shall be taken to be the sum referred to in subsection (3) of section 448, which

for the purposes of subsection (2) of that section is to be taken to be the income of the trade for the relevant accounting period referred to in the expression “the income from the sale of those goods” in subsection (2) of that section.

(3) The amount of corporation tax which apart from this subsection would be payable by a company for a relevant accounting period shall be reduced by so much of nine-tenths of any relevant foreign tax borne by the company in respect of an amount receivable from the sale of goods in that period in the course of a trade as does not exceed the corporation tax which would be so payable and which is attributable to the amount receivable from the sale of goods.

(4) Where as respects a relevant accounting period corporation tax payable by a company is by virtue of section 448 (7) reduced by a fraction (referred to in that section as “the revised relief”), then, in computing the reduction, if any, under subsection (3) of corporation tax payable by the company for the relevant accounting period, being corporation tax attributable to an amount receivable from the sale of goods which is an amount receivable in the course of relevant trading operations ), this section shall apply as if—

(a) the reference in subsection (2)(a) to 10 per cent were a reference to a rate per cent determined by the formula—

$$C \times (1 - D)$$

where—

C is the rate per cent of corporation tax specified in section 21 (1) for the financial year in which the relevant accounting period ends, and

D is the fraction referred to in section 448 (7) as “the revised relief”,

and

(b) the reference in subsection (3) to nine-tenths were a reference to a fraction determined by the formula—

$$100 - C \times (1 - D) \quad \frac{\quad}{100}$$

where C and D have the same meanings as in paragraph (a).