HMRC - CTM21250 - Accounting Procedures

ICTA88/SCH13

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FID paid and received were treated similarly to franked payments and franked investment income, but the two accounting regimes were kept separate up to the point of payment of ACT. Franked investment income could not be used to frank FID paid, and FID received could not be used to cover franked payments made.

The existing Schedule 13 accounting rules involved the deduction of franked investment income from franked payments (both being tax inclusive terms). ACT was accounted for on the difference. The FID provisions however involved the deduction of FID received from FID paid (both being tax exclusive terms) with ACT accounted for on the difference.

Many of the amendments to Schedule 13 resulted from the need to bring in rules for FID paid and received similar to those in existence for franked payments and franked investment income.

Schedule 13 was also been amended to accommodate international headquarters companies,which did not account for ACT at the time of payment of an FID. An international headquarters company had to return details of FID paid to allow for a subsequent reckoning between the company and the Revenue.

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