HMRC - CTM80090 - Recovery Of ACT Or IT

The parts of ICTA88/S247 relating to payments of dividends were repealed from 6 April 1999 onwards. The remainder of S247 was repealed by FA01 in relation to payments of interest or charges made after 11 May 2001. The following page relates to periods prior to these changes.

ICTA88/S247 (6) has provisions to ensure that liabilities to tax are secured where ACT ought to have been paid or IT ought to have been deducted.

ICTA88/S247 (6) applies where a company purports by virtue of an election under ICTA88/S247 to:

pay any dividends without paying ACT,

or

pay charges on income or interest on a loan relationship without having to account for IT,

and it turns out that:

the company ought to have paid ACT, but did not,

or

the company ought to have deducted IT, but did not.

ICTA88/S247 (6) allows you to make any:

assessments,

adjustments, or

set-offs,

required to secure that the resulting liabilities to tax (including interest on unpaid tax) of:

the company paying, and

the company receiving,

the dividends or payments are, so far as possible, the same as they would have been if the company had paid the ACT or deducted the IT.

Where you assess any tax under subsection (6) on the company paying the dividends or making the payment, and that company does not pay the tax within three months from the date on which that tax is payable, subsection (7) provides that the tax is recoverable from the company receiving the dividends or payments.

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