HMRC - INTM162080 - Meaning Of Beneficial Ownership

As stated at INTM162020, in order for a resident of the UK to be entitled to relief from foreign taxes in respect of dividends, interest and royalties received, most DTAs will state that they have to be the beneficial owner of the income.

Guidance as to the meaning of beneficial ownership can be found at INTM332000 and INTM504030. Essentially, the UK resident must “enjoy the full privilege to benefit from the income” and must not be bound (in legal, commercial or practical terms) to pass on the income (INTM332040).

In most cases, the UK resident will be the beneficial owner of the income. However, customers who are merely acting as an agent, trustee or nominee on behalf of someone else might not be.

Examples of those who might not be the beneficial owner could include record companies and literary agents (INTM342550 and INTM342560), trustees and depositories of pension funds and Collective Investment Vehicles (CIVs) and UK Collecting Societies (that is, those societies who act and collect royalties on behalf of their members). In those cases, the musicians/authors, pension funds/CIVs and members of the Collecting Societies might be the beneficial owner of the income instead.

(This content has been withheld because of exemptions in the Freedom of Information Act 2000)

In any case where the Officer has strong reasons to believe that the customer is not the beneficial owner of the income in question, they may need to request further information and evidence from the customer (for example, copies of the contracts under which the income was paid). (This content has been withheld because of exemptions in the Freedom of Information Act 2000)

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