HMRC - INTM287040 - Foreign Permanent Establishments Of UK Companies: Exclusions And Definitions: Position Of Payer

No new compliance obligations for UK residents

Branch exemption does not introduce any new compliance obligations on UK residents making payments that might be subject to ITA07/Part 15 and they will not need to ascertain whether or not the UK company they are paying has made an election under CTA09/S18A or whether the payment is attributable to a permanent establishment.

Where a company within branch exemption receives a payment that is attributable to a foreign PE and potentially affected by S18D(1) it may need to check with the payer if there is any doubt as to whether the payer is UK resident. It will also need to check for itself whether there would be an obligation on a UK resident to deduct income tax if the payment had been made to a company resident in the State where the relevant PE is situated. It is not thought that this will present particular difficulties, but if companies do encounter real problems or uncertainties they should contact their corporation tax office as soon as the issue arises.

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