

Bill 5: Non-UK resident companies: chargeable profits

Summary

1. This paper presents draft clauses which set out which profits of a non-resident company are liable to corporation tax.
2. The draft clauses are based on sections 11 and 11AA of, and Schedule A1 to, ICTA. They have been reordered in comparison with the source legislation to clarify the relationship between various provisions.
3. Much of the terminology employed in the source legislation is shared in common with the Model Tax Treaty and Commentary of the Organisation of Economic Cooperation and Development (OECD) and we have been careful to retain this terminology so that the relationship between the two is not lost.
4. The paper consists of:
 - draft clauses containing their origins, and
 - draft explanatory notes and a draft entry for Annex 1 to the Bill outlining a proposed Change.

Questions for the Committee

5. To enable us to consider relevant issues before publication of the draft Bill, we would be grateful for your comments on these draft clauses.
6. In particular, we would welcome comments on the Question at paragraph 20 and on the associated proposal outlined in the draft Change Note which is intended for inclusion in Annex 1 to the Bill.

Closing date for comments.

7. We would welcome any comments by 11 May 2007. If possible, they should be sent by e-mail to:

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Written comments should be sent to:

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8. The names of respondents may be published unless they ask for their comments to be treated in confidence